

BUDGET 1991 ADDRESS

Presented by the Honourable Dick Johnston
Provincial Treasurer
in the Legislative Assembly of Alberta
on Thursday, April 4, 1991



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1991 Budget Speech

Mr. Speaker, since the collapse of world oil prices in 1986, this government has vigorously pursued a two-part strategy to secure the future prosperity of Alberta. **We have worked hard to diversify the Alberta economy and to balance the provincial budget.**

Achieving these two objectives in the face of adverse external factors has not been easy. Interest rates moved against us. The high Canadian dollar hurt export earnings and government revenues. Albertans and this government were challenged as never before. This budget is an accounting to

Albertans of how we met the challenges.

The success of our economic plan will keep Alberta growing while most of the country is suffering from a recession. The 1991 Budget builds on our achievements in diversifying the economy and creating jobs for Albertans.

The success of our fiscal plan will keep Albertans' taxes low and protect our priority programs. The 1991 Budget delivers on our commitment to Albertans.

Mr. Speaker, this is a balanced budget.

Alberta — Strength In An Uncertain World

This government's plan to balance the budget has been helped by our strong economy. The Alberta economy demonstrated exceptional vitality last year. I estimate that real economic activity increased by 2.8% in 1990. Our rate of growth was triple the national average of 0.9%.

As I said last year, Alberta is the place to do business. In 1990, nearly 18,000 new businesses were incorporated in our province, the largest number since 1981. Albertans and others from around the globe showed their confidence in our economy by investing nearly \$17 billion in our province last year. **Alberta continues to have the highest per capita investment in the country.**

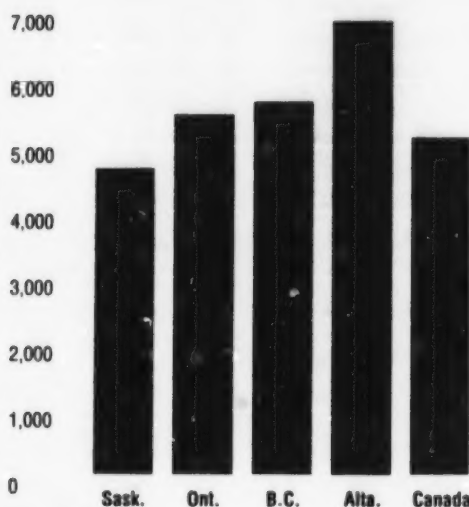
Albertans also displayed their confidence at the cash register, supporting our businesses in the best way possible, with their hard-earned dollars. **We lead the country in retail sales per capita.**

Alberta entered 1991 facing a Canadian, indeed, a world economy in some difficulty. Central banks in Canada, the United States and the United Kingdom had been following, for some years, restrictive monetary policies in their attempts to control inflation. In Canada, the federal government's reliance on consumption taxes to control its deficit fuelled inflation and pushed interest rates even higher.

Under the weight of these very high interest rates and an overvalued dollar, the Canadian economy was the first to break. It slipped into a recession in the second quarter of last year.

The Bank of Canada was slow to reduce interest rates. Only recently have interest rates begun to approach a level that will allow the Canadian economy to resume growth.

Investment Per Capita, 1990 (dollars)



Source: Statistics Canada

Unfortunately, the Canadian dollar remains overvalued and a drag on Canada's export industries. Further reductions in interest rates are needed if the Canadian economy is to experience a healthy recovery. As I warned, the inflation caused by the Goods and Services Tax is hampering needed declines in interest rates. This government has taken the lead in a court challenge to overturn this misguided tax.

All factors considered, Canada will likely remain in recession until at least the middle of this year. The Canadian economy is expected to contract by 1% in 1991.

In the United States, the longest post-war expansion ended in the fourth quarter of 1990. The Federal Reserve Board reacted by accelerating the decline in interest rates begun earlier in the year. This, in combination with increased exports, suggests that their recession will be shallow and short-lived. Overall, the U.S. economy will likely grow by 0.5% in 1991.

Alberta Resists the North American Recession

I am confident that Alberta will resist the economic downturn now hurting much of North America. At 1.5%, the rate of growth of our economy will be somewhat slower than last year. However, **Alberta's growth will be three times that of the United States and far better than the decline in output expected in most other provinces.** Our economy will continue to grow; continue to create more jobs.

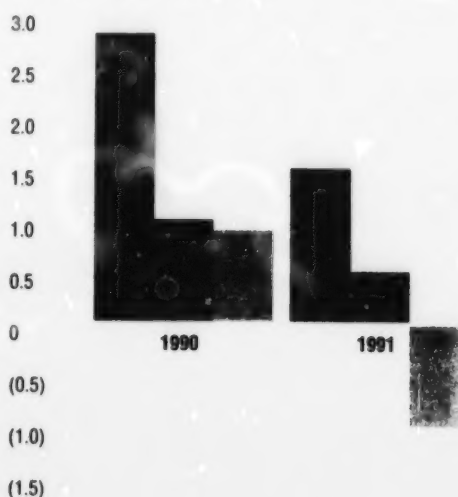
Alberta, with our investment-led economy, will benefit more than any other province if the Bank of Canada is successful in creating a low inflation, low interest rate environment.

The vigour of the Alberta economy can be attributed to the willingness of Albertans to seize new opportunities, new directions for growth.

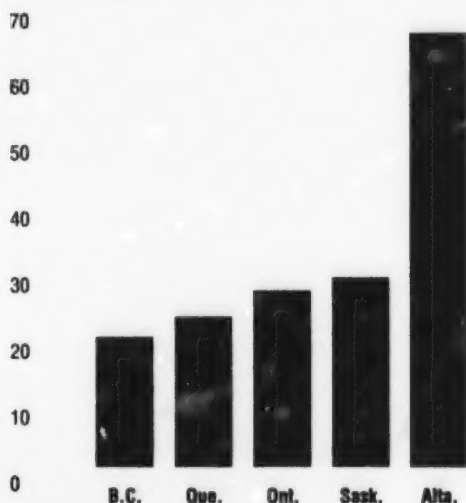
Real Economic Growth

(per cent, annual average)

■ Alberta ■ U.S. ■ Canada



Provincial Expenditure on Research and Development, 1989-90 (dollars per capita)



Source: Statistics Canada

Global and domestic competition is intensifying as a result of greater trade liberalization. Our traditional industries are responding to changing world markets by developing higher value-added products and by expanding into new export markets. Rapid technological change and this government's drive to broaden the base of our economy are spurring the development of new industries.

Advanced technology is a major force for change in the modern world. Alberta is a leader in areas such as medical research, cold weather engineering and oil sands technology. On a per capita basis, our funding of research and development is more than double that of any other province.

Investment in advanced technology is not without risk. A few of the endeavours that we have supported have not been entirely successful. Even so, this government has created an environment

where research and advanced technology firms are taking hold. These firms are linking knowledge, research and enterprise. They are creating quality jobs in Alberta and exporting their products and services throughout the world.

Tourism presents many opportunities for economic diversification and job creation. This industry employs 100,000 Albertans and its revenue has increased by \$500 million since 1986. Through strategic support of the private sector, this government is breaking new ground in tourism marketing, planning and development.

Forestry — A Major Diversification Success

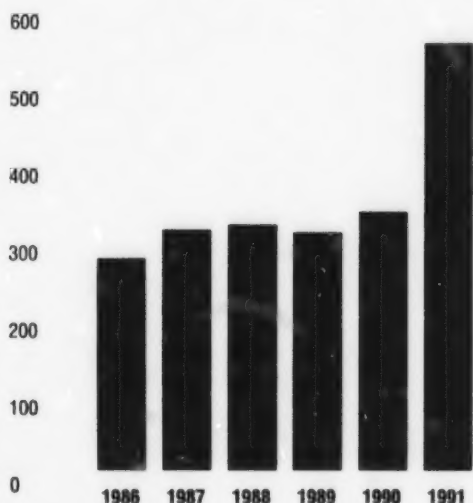
Forestry is now an important source of renewable economic growth for Alberta. This government has worked hard to develop the forest industry. We have successfully balanced economic development with our duty to protect the environment.

Several forestry projects were completed in 1990, including the Alberta Newsprint Company operation near Whitecourt, the Daishowa pulp mill near Peace River, Alberta Energy Company's pulp mill near Slave Lake, and Weldwood's expansion of its facility near Hinton.

In total, more than \$1.7 billion has been spent on forestry investment over the past four years, including \$700 million in 1990 alone. Another \$1.3 billion will be spent on the Alberta-Pacific project over the next three years.

Our forestry projects are now moving from construction to production. This year, as these projects reach full operation, I expect a 65% rise in the volume of pulp and paper exports. The economic leadership of this government is making the forest industry one of Alberta's largest exporters.

Pulp and Paper Exports, Alberta (millions of 1981 dollars)



Source: Alberta Bureau of Statistics except for 1990 and 1991 estimates

Considerable spin-off investment and employment will be generated as other industries expand to supply the needs of the growing forest industry.

This government has pursued a development strategy that recognizes the importance of protecting the environment. The forestry projects now completed or under construction incorporate leading edge environmental and operating technologies. They provide us with opportunities to develop further expertise in these technologies — expertise that we can export around the world.

Agriculture — Renewable Economic Strength

Agriculture continues to be Alberta's primary source of renewable economic strength. This government is committed to agriculture as a way of life and a key Alberta industry.

Our agriculture industry is reasonably balanced between livestock and crops. This reduces its vulnerability to external events. In the livestock sector, both cattle and hog markets were strong in 1990. Cattle prices are expected to improve even further in 1991. Receipts from cattle sales should exceed those from crops for the first time. Hog prices should benefit from the successful appeal, under the Free Trade Agreement, of U.S. countervailing duties on pork products.

1990 was a difficult year for our grain farmers in spite of near record production volumes. Grain farmers continued to be hurt by very low prices caused, in large part, by the subsidy war between the United States and the European Community.

The uncertainty surrounding the GATT negotiations over agriculture subsidies remains a matter of concern. This government strongly supports efforts to eliminate export subsidies. We hope that the proposals to reform the European Community's Common Agricultural Policy will lead to a successful completion of the GATT negotiations.

To help our farmers, this government, together with the federal government and producers, has implemented a revenue insurance option. Combined with the existing crop insurance program, this new initiative will provide participating Alberta farmers with a more certain financial environment as they make their production decisions.

We are working with our producers and our secondary processing industry to diversify their products and export markets. The five-fold increase in Alberta beef exports to Japan since 1988 is an excellent example of the success of our joint efforts.

The value of Alberta's processed food exports equals the value of our primary agriculture exports. We continue to urge the federal government to pay the Crow Benefit directly to farmers. This would provide a significant incentive for further diversification into products with greater value-added and encourage the development of a more efficient transportation system.

The Need for Secure Oil

The events in the Middle East have again demonstrated how important Alberta's oil is to Canada's energy security. Unfortunately, our ability to meet Canada's needs is becoming less certain. Alberta's production of conventional light and medium oil is in decline. Investment in synthetic oil is necessary to offset falling conventional production.

Canada risks becoming a net importer of oil. The federal government should be working with the provinces to guarantee Canada's energy security, as it did with the Lloydminster Bi-Provincial Upgrader. With the uncertainty surrounding imported crude, the federal decision to withdraw support for the OSLO project will prove to be short-sighted.

Oil prices are important to industry and government revenues. With the end of the Gulf War, oil market fundamentals are now beginning to determine prices. Soviet oil exports are declining sharply and Kuwaiti production may be unavailable for up to two years. Major OPEC producers are moving to restrain output and increase prices.

With OPEC controlling its production and world demand recovering, I expect oil prices to strengthen

during the year and average about \$23 per barrel in U.S. funds for 1991-92. In three of the past four years, actual oil prices have proved to be higher than my budget estimate.

World Oil Prices

(West Texas Intermediate, US\$ per barrel)

	Budget Estimate	Actual
1987-88	17.00	18.78
1988-89	18.50	16.43
1989-90	19.00	20.41
1990-91	21.00	24.49

Natural Gas — The Fuel of Choice

The focus of conventional exploration and development activity is shifting toward natural gas. There was a 27% increase in the number of natural gas exploration wells drilled last year. In 1991, approximately \$500 million will be invested in the Caroline gas field. Led by this project, I expect energy investment to increase by nearly 18% in 1991, on top of last year's 10% increase.

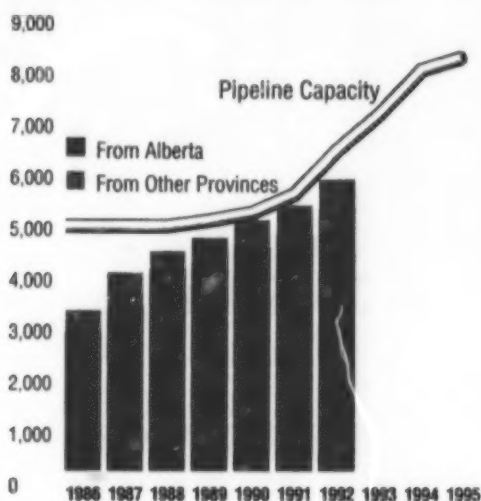
The outlook for natural gas exports to the United States is promising. I expect clean-burning natural gas will increasingly displace other fuels. The use of natural gas for co-generation and conventional power production in the northeastern United States is rising.

Alberta producers are well positioned to compete with their U.S. counterparts. **With gas sales to the United States of almost 1.3 trillion cubic feet, Alberta has captured nearly 7% of the U.S. market. Our share will grow as pipeline capacity expands.**

TransCanada Pipelines Limited has received approval from the National Energy Board to begin a \$2.5 billion expansion of its pipeline network. I am

Peak Month Natural Gas Exports to the United States

(millions of cubic feet per day)



Sources: Alberta Energy Resources Conservation Board, Federal Department of Energy, Mines and Resources, and Alberta Treasury

pleased to note that both TCPL and the NEB will now have their head offices in Calgary.

The TCPL expansion will supply natural gas to central Canada and to the Iroquois pipeline which will serve the northeastern United States. In addition, it is likely that one new pipeline project will be built to supply growing demand in the California market.

Total pipeline capacity to the United States is expanding rapidly and should be 50% higher by the end of 1995. Increased sales and higher prices will provide more income for producers and larger returns to all Albertans through the royalty system.

Investment — Building for the Future

Strong investment in the energy and forestry sectors contributed to a 9% increase in real business investment in 1990 and should lead to a further 3%

increase this year. In contrast, investment in Canada as a whole is expected to decline by over 3% in 1991.

Japan's economic success has often been attributed to its high level of investment. Business investment in Japan averaged 18% of Gross National Product from 1986 to 1989. This compares to only 13% in Canada and 12% in the United States.

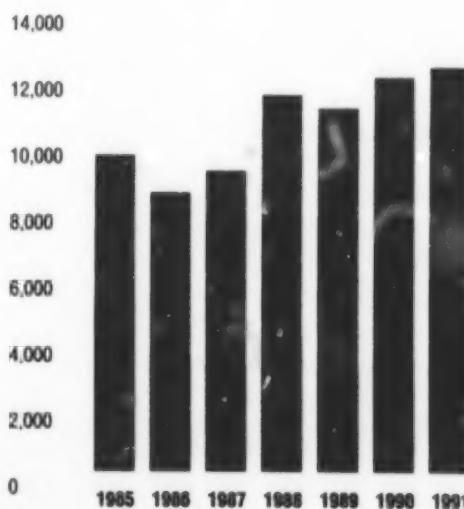
Alberta's investment performance closely matches that of Japan, averaging 17% of our Gross Domestic Product over the same period.

Our investment since 1985 has been driven by the momentum of our diversification initiatives. Real business investment outside the energy sector in 1991 will be over 80% higher than in 1985. It now accounts for two-thirds of total business investment.

We have achieved our high level of investment in spite of Canada's high interest rates. With lower interest rates, investment in our province will be even more attractive.

Business Investment, Alberta

(millions of 1981 dollars) ■ Oil & Gas ■ Other



Increased Employment Opportunities for Albertans

The strength of our economy is creating more job opportunities for Albertans. In 1990, there were over 1.2 million Albertans working, 107,000 more than in 1985. Our unemployment rate averaged 7% in 1990, the second lowest rate in Canada.

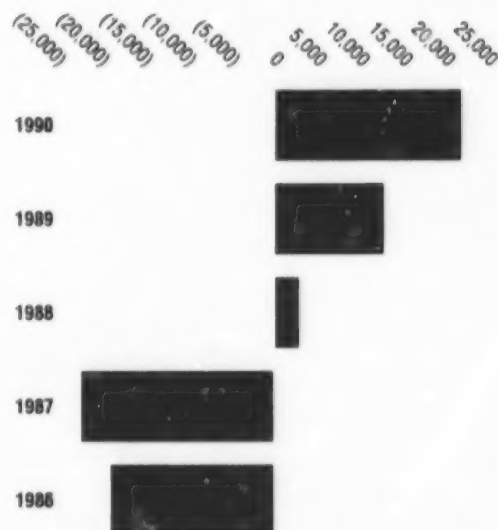
As our economy diversifies, Alberta's employment profile is changing. Most of the jobs created since 1980 have been in the professional and managerial category. In 1990, 72% of our jobs were in the service sector.

I expect employment in Alberta to increase by another 12,000 jobs in 1991. More Albertans will be working this year than ever before. In contrast, total Canadian employment will likely decline by 200,000 and the national unemployment rate will exceed 10%.

Our unemployment rate is expected to average less than 8%, even though our labour force is growing rapidly. **In February, Alberta's unemployment rate was the lowest in Canada.**

Our strong economy and favourable employment picture have resulted in more people moving to this province. Alberta experienced a net inflow of almost 22,000 persons in 1990, the largest since 1981. Net migration should remain strong in 1991. **Alberta's population passed the 2.5 million mark this January.** There is no better indicator of confidence than all those families deciding that their future lies in Alberta.

Net Migration to Alberta



Source: Statistics Canada

Albertans have overcome the difficulties of the 1980s. Our financial sector has strengthened; the credit unions and Treasury Branches are now profitable. We have a vibrant economy that is well positioned for the challenges of the 1990s. The momentum of this government's diversification strategy will continue to broaden the economic base of our province. Alberta's economy is, and will be, one of the strongest in the country.

Economic diversification was one part of this government's 1987 strategy to secure Alberta's future prosperity. The second part was our plan to balance the budget. These were massive undertakings.

The sudden collapse of oil prices in 1986 resulted in an 11% drop in the value of Alberta's economic output and a 30% decrease in provincial revenues. **No other province has ever experienced such drastic declines.**

The unemployment rate climbed to 11% and the 1986-87 deficit exceeded \$3.4 billion. We were facing a highly uncertain energy environment and expenditure expectations that could not be sustained.

This government had to act quickly to avoid passing on growing deficits to our children and grandchildren. We could not allow Alberta to get caught in the vicious cycle of higher and higher debt which inevitably leads to higher and higher taxes. We did not want Albertans held hostage to the spiralling interest costs which come from chronic deficits.

Decisive action to balance the budget was essential to keep Albertans' tax advantage and protect our priority programs. The task confronting us was tough, requiring hard work and firm leadership. We could not depend on a rapid recovery in our revenue. We had to focus on tight control of expenditure.

Principles of Our Fiscal Plan

This government developed a fiscal plan to balance the budget in a sensitive manner over a number of years. Our plan was based on the following principles:

- reduce spending on government operations,
- focus resources on carefully selected priorities, and
- increase taxes only when absolutely necessary.

Our budget decisions over the last five years have adhered to these principles.

High interest rates and the rapid climb in the Canadian dollar made our task much more difficult. We did not allow these external factors to divert us from our ultimate objective — a balanced budget.

This government is determined to leave a legacy of fiscal strength to future generations of Albertans.

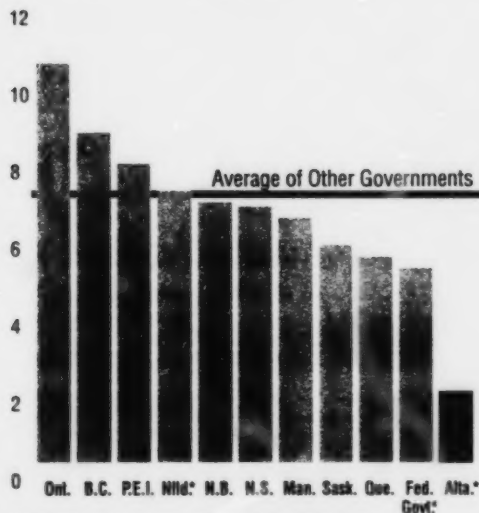
Best Expenditure Management Record

We have emphasized expenditure cuts over tax increases. The facts are clear.

Alberta has the best expenditure management record of any government in Canada. **The average growth in Alberta's program spending since 1985-86 is only 1.9% per year.** By comparison, other Canadian governments, on average, have allowed their program expenditure to increase by 7% per year.

Program Expenditure Growth Since 1985-86

(per cent, annual average)



* 1991-92 budgets, others latest available 1990-91 data.

Our program expenditure growth is only a little more than one-quarter that of other governments. It is also less than one-half the rate of inflation since 1985-86.

No other government even comes close to our record. Maintaining tight control of expenditure has not been easy. This government cut spending in other areas to protect our key social programs — health, education and help for those in need.

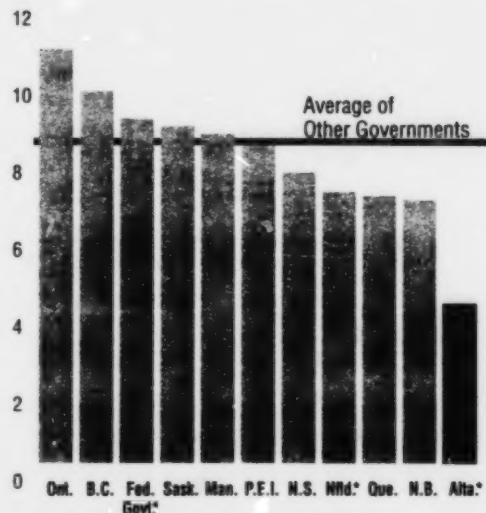
Keeping Alberta's Tax Advantage

We have raised taxes only as a last resort. Again, the facts are clear.

Alberta's overall taxes remain the lowest in Canada. Our personal income tax is the lowest. We are the only province with no provincial retail sales tax.

Revenue Growth Since 1985-86

(per cent, annual average)



* 1991-92 budgets, others latest available 1990-91 data.

This government has balanced Albertans' expectations of quality government programs with their desire for low taxes.

1991-92 Fiscal Plan

In the 1991 Budget, we have, once again, carefully selected key expenditure priorities.

Albertans want a modern health care system, quality education for their children, and a fair and compassionate social support system. These are the expenditure priorities of Albertans. These have been, and will continue to be, the expenditure priorities of this government. Environmental protection has also been given special consideration in this budget.

Last year, we established a framework of affordability to ensure cost effectiveness of government expenditure.

Program cost reviews and the duplication task force have examined government spending. We have identified areas where our core programs should be restructured to ensure that resources are available to meet changing needs. We have also identified programs which can be reduced or eliminated without compromising essential services.

We have made further cuts in internal government operations. Government services are being consolidated. Additional administrative savings have been found.

The 1991-92 budgets of over half the departments and agencies of the government will be cut. These expenditure reductions are central to our fiscal plan.

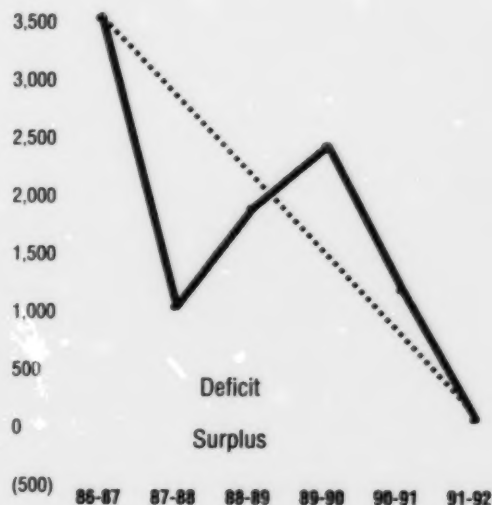
We will continue with our privatization initiatives. Some revenue measures are also required. These will be shared fairly among Albertans.

Meeting our Commitment to Albertans

This government has made the hard choices necessary to bring our spending in line with our revenue. The decisions we have made since 1987 have not always been popular. The test of leadership is to make the tough but necessary decisions for Alberta's long-term prosperity.

The result of leadership is the balanced budget I am presenting tonight.

Balanced Budget Plan (millions of dollars)



The 1991 Budget is not only a balanced budget. It is also a budget that protects the quality of Albertans' priority programs.

Maintaining a Quality Health System

Albertans have access to one of the finest health systems in the world. This government is committed to maintaining the excellence of our system.

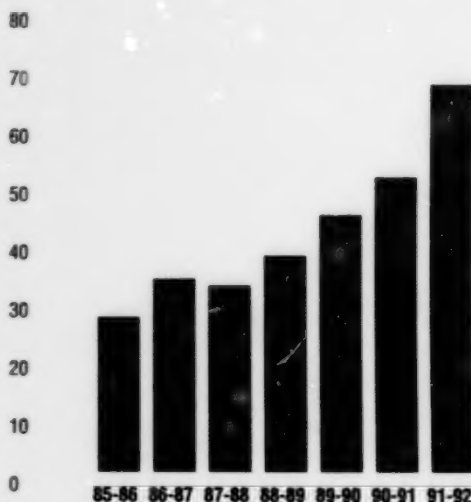
We will spend over \$4.1 billion in 1991-92 to meet our commitment to health. This is an increase of 10% over the amount budgeted last year. Health spending is \$1 billion more than the total personal income tax revenue the province receives from Albertans.

We are pursuing new approaches to maintain the quality and responsiveness of our health system. In this year's budget, the focus of health services will continue to shift from institutions to the community. We will create a new Health Services Innovation Fund, with a planning and start-up budget of \$1 million.

The Alberta Aids to Daily Living program and the Extended Health Benefits program will be consolidated. Benefits will be updated for disabled and chronically ill Albertans of all ages. Funding will increase by 30% over last year's budget to \$60 million. Co-insurance provisions will be improved; seniors will now be subject to co-insurance payments. All low-income clients will be protected.

The budget for home care will increase by over 30% this year. More funding will be provided to meet the needs of seniors. I am also pleased to announce that home care support services will be extended to Albertans under the age of 65. This major enhancement will help disabled adults and children live at home. This government's support for home care in 1991-92 will be two and a half times the amount in 1985-86.

Home Care Expenditure (millions of dollars)



Nurses play an essential role in the delivery of quality health services to Albertans. We have established a new nursing Ph.D. program at the University of Alberta, the first such program in Canada. As well, the unique Alberta Foundation for Nursing Research will continue to fund important research on nursing practices.

While we are shifting our funding priorities to community services, we must also maintain the quality of our existing health care institutions. For the first time, this government is making a two-year funding commitment to assist hospitals, nursing homes and local health units in planning for the future. We will also continue implementing our new Acute Care Funding Plan.

Tonight, I am pleased to announce that construction will start this year on the redevelopment projects at the Royal Alexandra Hospital in Edmonton and Holy Cross Hospital in Calgary. High priority projects in six other communities have also been approved for construction.

The board of the Northern Alberta Children's Hospital has been requested to develop a plan for coordinating and consolidating acute care pediatric services in Edmonton, effective April 1, 1992. Although the construction of a new facility is being deferred, the long-term goal for pediatric services in Edmonton will continue to be a Northern Alberta Children's Hospital.

We will provide \$5 million to Alberta hospitals through the Lottery Fund for the purchase of specialized medical equipment. A rural physicians incentive program will be launched as a result of extensive province-wide consultation.

As announced in last year's budget, health care premiums are intended to cover 50% of the cost of basic health services, excluding services for seniors. On July 1, 1991, monthly health care premiums will increase by \$3 for singles and \$6 for families. About 220,000 low-income Albertans will benefit from full or partial premium subsidies.

Premium exemptions for seniors will continue for basic health services. Seniors will be required to pay an increased share of the cost of their special dental and optometric benefits.

Opportunity For All Albertans

This government is committed to strengthening families and assisting Albertans to become self-sufficient. To promote these objectives, we undertook a comprehensive review of support programs for families and children. We have implemented major reforms to our income support and child care programs.

Our new "Supports For Independence" program is designed to help social allowance recipients upgrade their skills, find long-term employment and become free of government support. Funding will increase by 8.4% over last year's budget. We will increase front-line staff.

Income support for disabled persons will increase by 14%. On January 1, the maximum benefit under the Assured Income for the Severely Handicapped program increased by \$35, to \$755 per month. The maximum benefit will rise each year with changes in the disability benefit under the Canada Pension Plan. Funding to enable handicapped children to live with their families will increase to over \$17 million. **Total support for disabled adults and children will rise by over 13% to \$725 million.**

Major reforms were made to our day care and foster care programs last year. In this budget, an additional \$1.7 million will be provided for foster parent recruitment and training. We will also increase the per diem rate for foster care by 9% this year and in each of the next three years.

Our senior citizens contribute greatly to Alberta's families and communities. This government's programs meet seniors' health needs and assist them to remain active members of their communities. **Spending on programs for seniors will increase to \$1.2 billion this year.**

The budget for Family and Community Support Services programs delivered through municipalities will increase by 8% in 1991-92. Total funding for libraries will rise by close to 5%, including a 2.5% basic grant rate adjustment. These local government programs provide important services to Albertans of all ages.

Over \$135 million is included in this year's budget for programs in support of women. Many of our initiatives enhance educational and workplace opportunities. Family violence remains a serious problem. A new shelter for victims of family violence will be developed this year in Edmonton. Maintenance payments collected under our successful enforcement program are expected to increase again. This government's action plan in support of Alberta women is continuing.

The Alberta Family Life and Substance Abuse Foundation will be established this year. We will provide \$6 million from the Heritage Fund in 1991-92 for the first year of our \$200 million commitment. The Foundation will fund research and education projects on substance abuse issues.

This government has implemented some of the most progressive and responsible social programs in Canada. They are designed to ensure that the special needs of Albertans and their families are met effectively and compassionately and that all Albertans have an opportunity to succeed.

Selected Programs in Support of Alberta Women (thousands of dollars)

	1991-92 Estimate
Women and the Family	
Child Care	81,918
Widows' Pension	9,464
Family Relations and Maintenance Enforcement	9,066
Women in the Workplace	
Job Enhancement for Nurses	2,188
Career Information	161
Support to Entrepreneurial Women	50
Women in Education and Training	
Employment Alternatives Program	7,448
Employment Skills Program	2,800
Pre-Training and Bridging	455
Language Training Programs	325
Ph.D. Program in Nursing	273
Stepping Stones Program	127
Women and Health	
Reproductive Health Services	2,775
Breast Cancer Screening	1,748
Treatment of Substance Abuse	630
Women in Public Service	
Administrative Class Review	7,133
Women's Program and Career Centre	345
Women in the Community	
Women's Shelters and Family Violence Prevention	6,824
Female Offenders Rehabilitation	228
Grants to Women's Community Groups	164
Advice on Women's Issues	1,030
	<u>135,152</u>

Education — The Key to Our Future

A quality education is one of the essentials for success in today's competitive world. It is the foundation of the economic and social well-being of our province. Our education system relies on a partnership among students, parents, educators and the provincial government.

Education is a key priority of this government. Provincial support for primary and secondary education will increase by 6.6% in 1991-92, to over \$1.7 billion. **We will provide over \$3,600 for each child attending school in Alberta.**

Fiscal equity grants will total \$69 million. We will work with school boards and other affected groups to find a long-term solution to the problem of fiscal inequality.

We have made a major commitment to modernize existing schools and build new schools to meet the needs of our growing population. This government will provide \$700 million in capital support between 1991 and 1995.

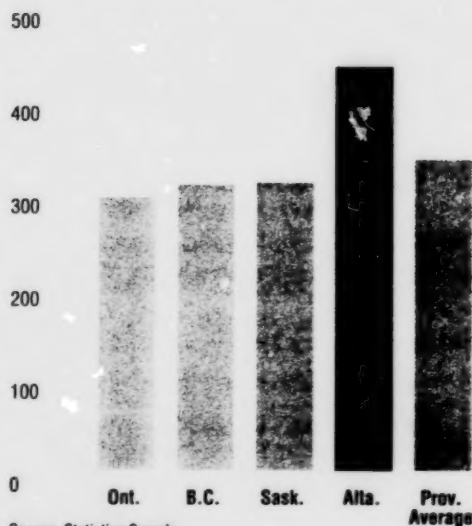
Alberta has the most accessible post-secondary education system in Canada. Our universities, colleges and technical institutes excel in providing quality learning opportunities. **In 1991-92, operating assistance to post-secondary institutions will be close to \$7,400 for each full-time equivalent student.**

Alberta's financial assistance to students is the most generous in Canada. Our per capita support for advanced education is the highest.

To continue our commitment, I am pleased to announce that construction will begin this year on the new \$100 million Grant MacEwan Community College in downtown Edmonton. At the University of Calgary, construction will start on the new \$50 million Professional Faculties Building.

This government is firmly committed to ensuring the excellence of our basic and advanced education systems. Total provincial support for education will increase to almost \$3 billion in 1991-92.

Provincial Support of Post-Secondary Education, 1990-91 (dollars per capita)



The Environment — A Lasting Legacy

Our children's future also depends on careful guardianship of the province's natural heritage. Albertans enjoy one of the cleanest environments in the world. In 1991-92, this government will increase total support for environmental initiatives by over 11% to \$200 million.

We will implement a new Waste Minimization and Recycling Development Program. First-year funding will total \$6 million. Municipalities and industries will be given incentives to expand recycling.

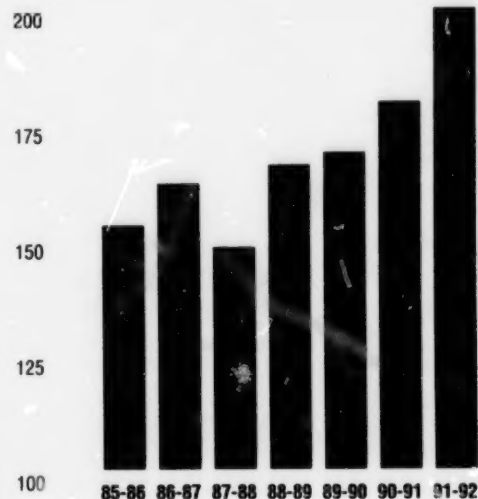
In addition, hospitals and schools will be assisted with the disposal of waste materials. Hospitals will receive \$2.1 million to improve their handling and disposal of bio-medical waste. The Lottery Fund will provide \$1 million for the first year of a two-year program to help schools dispose of waste materials from such sources as science laboratories.

Subject to environmental approval, a \$60 million expansion is planned to the Alberta Special Waste Management facility at Swan Hills. The Capital Fund will provide \$8.6 million in 1991-92 as part of the province's \$24 million share of this joint project with the private sector.

In response to the recommendations of the Alberta-Pacific Environmental Review Panel, we will investigate the cumulative effects of development on the Peace, Athabasca and Slave River systems. This study, cost-shared with the federal government, will take place over four years at a cost of \$12 million.

We are committed to ensuring that economic growth takes place in an environmentally sensitive manner.

Environment and Resource Conservation Expenditure (millions of dollars)



In 1991-92, funding for conservation and enforcement services provided by Forestry, Lands and Wildlife will rise by over 12%. In addition, the Alberta government will be a partner with private organizations, the federal government and the United States in the North American Waterfowl Management Plan. Over the next five years, \$80 million will be spent in Alberta to improve waterfowl habitat and populations, and to enhance soil and water conservation.

Agencies such as the Environment Council of Alberta, the Alberta Round Table and the Natural Resources Conservation Board are helping to ensure a healthy environment. We are committed to dealing with environmental issues, now and in the future.

Agriculture — Fundamental to Alberta

This government is also committed to maintaining a vigorous and diversified agriculture sector.

We are restructuring support for agriculture. We are moving from subsidizing input costs to protecting the incomes of our farmers and ranchers.

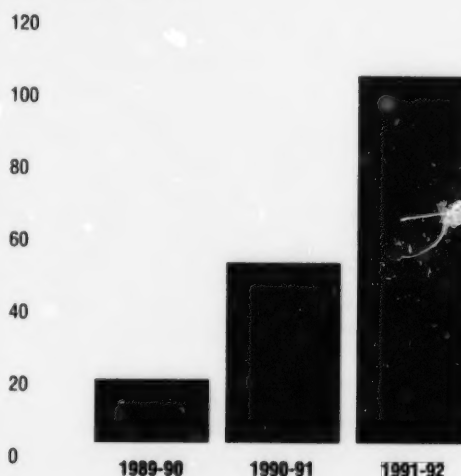
Support for livestock producers under the Red Meat Stabilization Program is increasing. Last year, this government expanded and improved the crop insurance program. We also increased our contribution to cover 25% of the premiums. **This year, we have budgeted \$49 million for our government's share of the new revenue insurance option.**

Two farm input assistance programs will be reduced to free up resources for this new program. Grants under the Alberta Farm Fuel Distribution Allowance will be reduced in two stages. Effective midnight tonight, the diesel grant will be reduced by 2 cents a litre and the gasoline grant by 3 cents a litre. On November 1, 1991, the grants for both diesel and gasoline will decline by a further 2 cents a litre.

The Farm Fertilizer Price Protection Plan will provide assistance with spring planting this year. It will, however, terminate as scheduled on July 31, 1991.

Alberta Government Support for Crop and Revenue Insurance Programs

(millions of dollars)



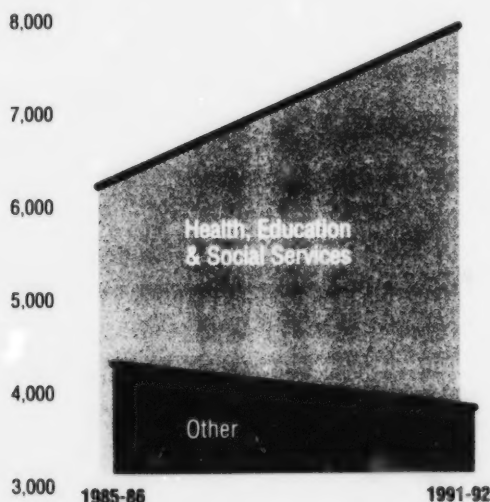
Agriculture is fundamental to Alberta. Including this year's budget, we will have provided nearly \$2 billion in support to our farmers and ranchers since 1989-90.

We have acted, and will continue to act, to assist our farmers and ranchers when help is needed.

We have focused our resources on Albertans' priorities. This year, 68% of our program expenditure will be directed to health, education and social services, compared to less than 60% in 1985-86. Our support for these programs will be over \$1.7 billion higher in 1991-92 than it was six years ago.

As in past years, other spending will be reduced to protect our key programs. We have established a framework of affordability for government expenditure. This framework is generating savings in existing programs and internal operations. We have cut spending on administration and lower priority programs by almost \$500 million from 1985-86 levels. We are determined to enhance productivity and keep costs down.

Funding Priority Programs
(millions of dollars)



Cutting Government Overhead

Internal government operations continue to be the first target of our expenditure cuts. Program delivery is being restructured to eliminate overlap and streamline administration. Greater operational efficiencies are being achieved.

The government will eliminate over 800 full-time equivalent positions through the year. Another 200 positions will be reassigned to meet changing priorities. Including this year's reduction, the civil service will have been cut by close to 3,500 positions since 1985-86. More than one-half of this reduction has been made in general administration. **The Alberta civil service is smaller today than it was in 1978-79.**

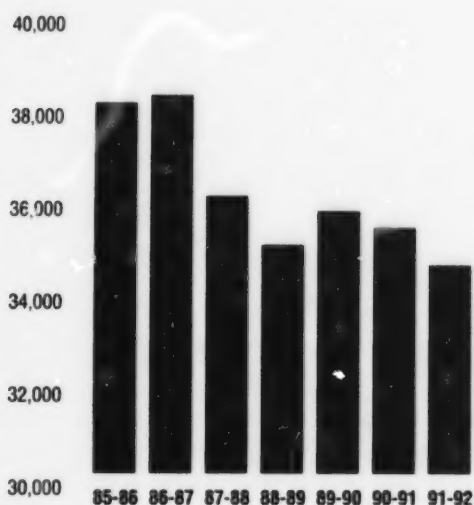
We will continue to look for opportunities to reduce costs and increase efficiency through privatization. In the last few years, we have privatized selected government activities. These include building and equipment maintenance, property management, computer systems development, data processing, and financial and legal services.

We will limit spending on general administration. Total budgets for such items as advertising, freight and postage, rental of equipment, and general materials and supplies have all been reduced for 1991-92.

Travel and hosting expenditures are continuing to decline. Since 1985-86, total expenditure on travel and hosting has been cut by 23%.

Purchases of equipment and other fixed assets will be reduced again. In 1990-91, these budgets were cut by 30%. This year, they will be cut by a further 15%.

Government Employment (full-time equivalent positions)



Program Cost Reviews

Program cost reviews were initiated last year to identify programs that were no longer essential. In the 1990 Budget, we reduced tax expenditures that were directed primarily to businesses. These changes will save almost \$400 million this year.

As a result of our ongoing review of government spending, program cost savings of close to \$380 million will be achieved in 1991-92. Programs that are no longer essential will end. Other programs will be restructured. Capital expenditure will be reduced. We simply cannot afford all the programs started in the late 1970s and early 1980s.

Alberta's strong economy has allowed us to downsize our economic development programs. The

combined funding for the departments of Economic Development and Trade, Tourism, Energy, and Technology, Research and Telecommunications will be reduced by 20% in 1991-92. This will result in savings of \$57 million.

The growth in the private sector is providing increased job opportunities for Albertans. The government will continue to shift the emphasis from short-term employment programs to training and career counselling. About \$35 million will be saved in 1991-92.

Declining interest rates have made it possible to end the Mortgage Interest Shielding and Alberta Family First-Home programs. The Alberta Mortgage and Housing Corporation has been restructured. The corporation privatized about \$750 million of its mortgage portfolio last year. Further privatization is planned this year. In total, the budget for housing programs and administration has been reduced by more than \$65 million in 1991-92.

Program spending for Recreation and Parks, and Culture and Multiculturalism is being reduced by consolidating administrative functions and improving general efficiency. Savings of over \$5 million are planned.

We have carefully reviewed our capital expenditure. As I have already announced, high priority health and education construction projects will proceed this year. The construction freeze implemented last year will continue on other projects.

We are also cutting construction expenditure on highways, utilities and resource infrastructure by over \$40 million. In addition, the final payment for the \$500 million Alberta Cities Transportation Partnership Program will now be spread over two years. This will reduce expenditure by \$35 million in 1991-92. In total, capital spending will be cut by \$215 million, a reduction of 15%.

Tough Expenditure Control

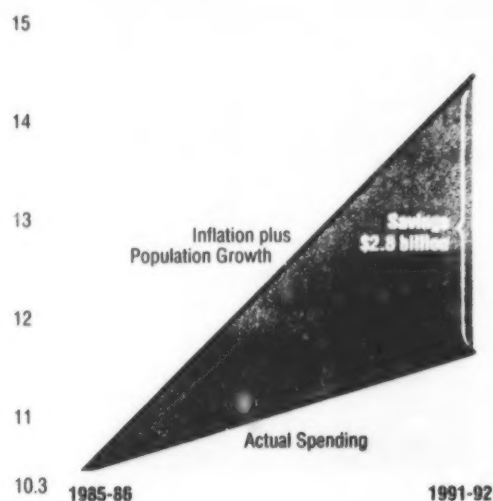
We have made the decisions necessary to balance the budget while still maintaining the quality of our core services. **Support for health, education and social services will increase by 6.7% over last year's budget.** Other expenditure will be reduced. We will hold the growth in total program spending to just 2.7% this year, less than one-half the rate of inflation.

This government has the best expenditure management record in the country. Since 1985-86, program spending has, on average, increased by only 1.9% per year. If we had allowed our spending to grow at the same rate as inflation and population, our program expenditure this year would have been about \$14.3 billion. Our budget for 1991-92 is only \$11.5 billion. This government's expenditure management has saved \$2.8 billion in program spending and another \$800 million in debt servicing costs.

If we had not made the tough decisions to bring spending down, we would not have a balanced budget. Instead, the deficit would have grown to \$3.6 billion, even higher than the 1986-87 level. Our total debt would be double what it is today.

This government recognizes the need to live within our means. We have cut expenditure and found savings.

Program Expenditure Savings (billions of dollars)



Strict discipline on program expenditure is not enough to balance the budget. Other measures are required.

Privatization is an important part of our fiscal strategy. Privatized companies are more efficient and better able to compete in the world marketplace. Our privatization program also widens equity ownership, giving Albertans a greater stake in the future of our economy.

Last year, this government privatized Alberta Government Telephones. The public share offering of the new investor-owned company, TELUS, was the largest ever in Canada. Over 140,000 Albertans participated in the initial offering, purchasing over 80% of the shares offered. Investors have benefited from the solid market performance of the TELUS shares.

The gross revenue from the public share offering amounted to \$896 million, of which \$335 million went to the General Revenue Fund. The Heritage Fund received the balance of the proceeds and also retains 43% of the shares of TELUS.

We will continue our policy of privatization this year. We intend to sell some of our investments to realize the increase in their value. The net profits from these sales will flow to the General Revenue Fund.

In 1991-92, the government will transfer \$225 million of the accumulated surplus of the Lottery Fund to the General Revenue Fund. Revenue from future ticket sales will continue to flow into the Lottery Fund to support the many important projects that have been undertaken in recent years, as well as selected new initiatives.

This government chose further privatization and the Lottery Fund transfer to minimize tax

increases. We know Albertans want their taxes kept as low as possible.

Nevertheless, some tax increases are required to balance the budget. The burden will be shared fairly among Albertans.

We will increase the income tax rate on large corporations by one-half a point to 15.5% effective April 1, 1991. This will raise corporate tax revenue by about \$25 million. The small business income tax rate will remain at 6%.

Tobacco taxes will increase effective midnight tonight. The tax on a package of 25 cigarettes will rise from \$1.40 to \$1.75. Taxes on other tobacco products will also increase. I expect tobacco tax revenue to be \$41 million higher than last year.

The tax on gasoline and diesel fuel will rise from 7 cents to 9 cents a litre effective midnight tonight. Even with this change, no other province will have lower fuel taxes. The tax on propane used as a transportation fuel will increase from 5 cents to 6.5 cents a litre effective April 7. The aviation fuel tax will remain at 5 cents a litre. Revenue from fuel taxes is estimated to be \$117 million higher in 1991-92.

Farmers and ranchers will remain exempt from the fuel tax. With the reductions in the Alberta Farm Fuel Distribution Allowance which I announced earlier tonight, the total advantage for farmers and ranchers after November 1, 1991, will be 11 cents a litre, or 50 cents a gallon, on gasoline and 17 cents a litre, or 77 cents a gallon, on diesel fuel. Our assistance to farmers and ranchers will remain the most generous in Canada.

Fuel Price Advantage for Farmers and Ranchers (cents per litre)

	Gasoline	Diesel
Pre-Budget		
Fuel Tax Exemption	7	7
AFFDA Grant	7	12
Total Advantage	<u>14</u>	<u>19</u>
April 5, 1991		
Fuel Tax Exemption	9	9
AFFDA Grant	4	10
Total Advantage	<u>13</u>	<u>19</u>
November 1, 1991		
Fuel Tax Exemption	9	9
AFFDA Grant	2	8
Total Advantage	<u>11</u>	<u>17</u>

Selected fees and charges will be increased and some new fees introduced. The General Revenue Fund will receive about \$20 million in increased revenue.

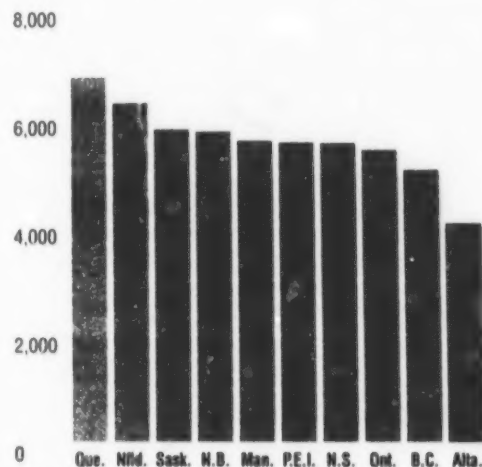
Camping fees will increase for standard and serviced sites but decline for rustic sites. The cost of hunting licences will be increased to help fund the North American Waterfowl Management Plan and other programs benefiting hunters. Admission fees will be introduced at selected provincial museums and historic sites to offset some of the costs of operating these facilities and to support volunteer groups. Corporations will be charged fees to recover the costs of various regulatory functions. Other selected minor fees and charges will also rise.

As promised by Premier Getty, there will be no increase in the personal income tax rate. The

last change in provincial personal income tax was in the 1988 Budget and that was a reduction. This government has kept our personal income tax the lowest in Canada. Our generous Selective Tax Reduction program reduces or eliminates provincial income taxes for 500,000 Albertans.

Albertans benefit from the lowest overall taxes in Canada. We are the only province with no provincial retail sales tax. This budget is not only a balanced budget, it is also a budget that maintains Albertans' tax advantage.

Comparison of Provincial Taxes*



* Family of four, two income earners, two children ages 8 and 10 years. Gross income of \$55,000. Includes provincial personal income tax, sales tax, health care premiums, payroll tax, tobacco tax, fuel tax and hotel room tax. Other provinces as of March 12, 1991.

Major Provincial Tax Rates, 1991

	Personal Income Tax ^a			Retail Sales Tax	Gasoline Tax	Tobacco Tax	Health Premiums Individual/Family	Corporate Income Tax		Capital Tax ^b	Payroll Tax	Insurance Premiums Tax ^c
	Basic Rate	High Income Surplus	Flat Rate Tax					Small Business Rate	General Rate			
	(%)	(%)	(%)	(%)	(¢/litre)	(\$/pack of 25)	(\$/month)	(%)	(%)	(%)	(%)	(%)
British Columbia	51.5	—	—	6.0	11.0	1.59	31/62	9.0	14.0	0/2.0	—	2/3
Alberta	46.5	8.0	0.5	—	9.0	1.75	26/52	6.0	15.5	0/2.0	—	2/3
Saskatchewan	50.0	15.0	2.0	7.0	10.0 ^d	1.67 ^e	—	10.0	15.0 ^f	.5 ^g /3.0	—	2/3
Manitoba	52.0	—	2.0/4.0	7.0	9.0	1.75 ^e	—	10.0	17.0	.3/3.0	2.25 ^h	2/3
Ontario	53.0	10.0	—	8.0	11.3	1.21 ^e	—	10.0	15.5 ^h	.3/0.8	1.95 ⁱ	2/3
Quebec	— ^a	—	—	8.0	10.0 ^e	1.19 ^e	—	3.45 ^j	6.3 ^j	52/1.04	3.45	2/3
New Brunswick	60.0	—	—	11.0	11.5	1.71 ^e	—	9.0	16.0	0/3.0	—	2/3
Nova Scotia	59.5	10.0	—	10.0	13.7	1.70 ^e	—	10.0	16.0	0/3.0	—	3/4
Prince Edward Island	57.0	10.0	—	10.0	13.6	1.75	—	10.0	15.0	0/2.5	—	3
Newfoundland	62.0	—	—	12.0	13.7	1.70 ^e	—	10.0	17.0	0/3.0	1.50	4

Rates for other provinces known as of March 12, 1991.

- ^a The high income surtax is a percentage of basic provincial tax above a specified level except for Saskatchewan where it is on total provincial tax. Alberta's flat rate tax is on taxable income. Saskatchewan's and Manitoba's flat taxes are on net income. In Manitoba, an additional 2% is applied to high income taxpayers. Alberta, Saskatchewan, Manitoba and Ontario provide tax reductions for low income taxpayers.
- ^b The first number is the general capital tax rate and the second is the rate for financial institutions. In Manitoba, the general rate is 0.5% on capital over \$10 million. In B.C., only financial institutions with capital over \$500 million are taxable and tax paid is credited against income tax.
- ^c The lower rate applies to premiums for life, sickness and accident insurance.
- ^d Quebec's personal tax system is not directly comparable to those in other provinces. Quebec's average tax rate is the highest in Canada.
- ^e These provinces apply their retail sales taxes on top of this tax. Saskatchewan intends to follow this practice for tobacco on April 1, 1991 and gasoline on January 1, 1992.
- ^f Effective January 1, 1992, Quebec's small business rate will increase to 3.75%; its general rate will increase to 6.9% for active business income, and to 16.25% from 14.95% for inactive business income.
- ^g Saskatchewan's general corporate rate will rise to 16% and its general capital tax rate will rise to 0.6% effective January 1, 1992.
- ^h Ontario has a 14.5% rate for manufacturing and processing, mining, logging, farming and fishing income.
- ⁱ The payroll tax is applied on a graduated basis to the maximum shown.

Based on the measures I have announced tonight, **I project a small surplus of \$33 million in 1991-92.** We are committed to our fiscal plan and will ensure it succeeds.

We must guard against the idea that one balanced budget solves all our problems. Borrowings for the General Revenue Fund and the Capital Fund now exceed \$10 billion. Interest payments on this debt are more than \$1 billion, money that must be paid before services for Albertans can be funded.

We cannot relax controls on expenditure. This government will continue its plan to ensure the affordability of our programs.

Demand for health, education and other social services will continue to grow as our population expands. Alberta remains committed to the universality of health care. Unfortunately, we cannot rely on the federal government to pay its fair share of major national programs.

A key element of the federal government's budget strategy is to offload its deficits onto the provinces. Federal cash payments to the provinces for health and post-secondary education have been unilaterally reduced. Within 15 years, federal cash support for health and higher education will have dwindled to nothing. In addition, the federal government has imposed a special restriction on social assistance transfer payments to Alberta, British Columbia and Ontario.

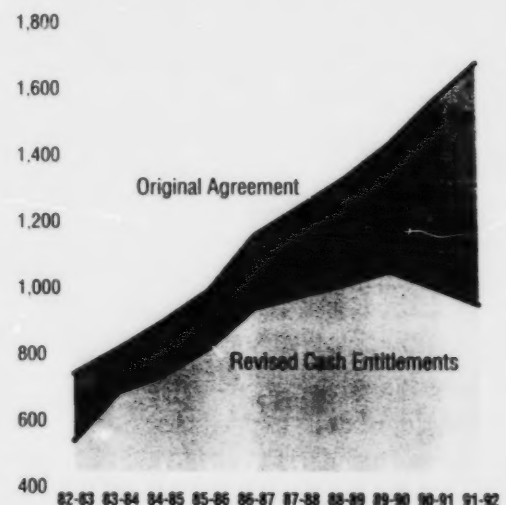
New approaches to fiscal federalism are necessary. During the current negotiations on the federal-provincial fiscal arrangements, I will be proposing that the federal government transfer additional tax room to provinces in exchange for reduced federal cash payments.

I will also be reviewing joint administration and collection of personal and corporate income taxes with my western colleagues. This is one of the

options the western finance ministers suggested in the position paper we prepared for the Western Premiers' Conference last year.

The Western Premiers have taken a constructive, forward-looking approach to renewing fiscal federalism. Canadians need to re-examine the responsibilities and revenue capacity of each order of government. A fundamental review is required to identify ways to reduce overlap and meet Canadians' needs in the most efficient manner. The goals of renewed fiscal federalism should include greater accountability, simplicity, and flexibility to meet each province's economic and social needs.

Federal Cash Transfers to Alberta for Health and Post-Secondary Education (millions of dollars)



As we look across Canada today, we see a national economy in recession and large government deficits. In contrast, Albertans can expect solid economic growth and a balanced budget. This government is committed to maintaining our enviable position.

Governments, like families, must live within their means. **Our goal is to keep Alberta on a balanced budget track.** Surpluses will be used to reduce debt. Only a fiscally responsible government can keep taxes low and provide the confidence needed to prosper in the increasingly interlinked global marketplace.

In conclusion, Mr. Speaker, this budget has provided an accounting to Albertans of the actions we have taken to secure their future prosperity. We have met the commitments we made to Albertans:

- We have the strongest economy in Canada.
- We have protected Albertans' priority programs.
- We have cut the costs of government.
- We have the lowest taxes.
- We have balanced the budget.

Summary Financial Plan

(millions of dollars)

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Budgetary Revenue				
General	11,063	10,566	10,150	8,476
Heritage Fund Investment Income	1,555	1,330	1,270	1,244
	<u>12,618</u>	<u>11,896</u>	<u>11,420</u>	<u>9,720</u>
Budgetary Expenditure				
Program	11,535	11,854	11,235	11,163
Debt Servicing Costs	1,050	1,128	965	881
	<u>12,585</u>	<u>12,982</u>	<u>12,200</u>	<u>12,044</u>
Budgetary Surplus (Deficit)	<u>33</u>	<u>(1,086)</u>	<u>(780)</u>	<u>(2,324)</u>

APPENDIX A

General Revenue
Fund

BUDGET
1991
ADDRESS

Tables and Charts

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The General Revenue Fund is the main operating fund of the province. It receives public money and most government expenditure is paid for through appropriations from the General Revenue Fund.

1990-91 Budget Update

The 1990-91 deficit is forecast at \$1.086 billion. This is higher than the budget estimate of \$780 million but is an improvement of over \$1.2 billion from 1989-90.

Budgetary revenue is expected to exceed the estimate by \$476 million or 4.2%. Total tax revenue is forecast to be virtually unchanged from the budget estimate.

Total non-renewable resource revenue is forecast to be \$164 million, or 5.6%, below the estimate, mainly due to weaker natural gas prices and lower sales of Crown leases. Crude oil royalties were up only \$71 million from the budget estimate. The price of West Texas Intermediate oil averaged approximately US\$3.50 per barrel more than the budget estimate of US\$21 per barrel. However, the improvement in revenue was limited by a higher exchange rate, lower oil quality and soft demand during the high price months.

Payments from Government of Canada are currently expected to be \$218 million, or 12.6%, above the budget estimate. Alberta received \$89 million as the federal share of the Canada-Alberta Farm Income Assistance program which was approved after the budget. Revenue in 1990-91 in respect of Alberta's stabilization claim is forecast at \$344 million compared to the estimate of \$250 million. In December 1990, \$149 million was

received. It was agreed that the treatment of the Alberta Royalty Tax Credit would be referred to arbitration. Alberta has a strong case. A decision in our favour will result in a further payment of \$195 million.

The post-budget decision to privatize Alberta Government Telephones added \$335 million to investment income. In addition, Heritage Fund investment income is expected to exceed the budget estimate by \$60 million, in part due to higher than expected profits from Syncrude. Revenue from other sources is expected to be very close to the budget estimate.

Program expenditure is forecast to exceed the budget estimate by \$619 million, or 5.5%. Over \$110 million was provided for nurses' salary settlements and increased utilization rates in the health care system. \$100 million was made available under the Canada-Alberta Farm Income Assistance program which was largely offset by the federal contribution. Special warrants for disaster assistance and forest fire suppression amounted to \$75 million. Higher social allowance costs required an additional \$61 million.

A \$131.5 million indemnity payment was made from the General Revenue Fund relating to the loss reported by NovAtel for the second half of 1990. In addition, the recorded value of the Alberta Government Telephones Commission's \$159 million investment in NovAtel may be subject to a reduction at year-end. Such a reduction would affect the province's consolidated net assets, not the General Revenue Fund.

Debt servicing costs are forecast to exceed the estimate by \$163 million, or 16.9%, primarily due to higher 1989-90 and 1990-91 deficits and higher interest rates.

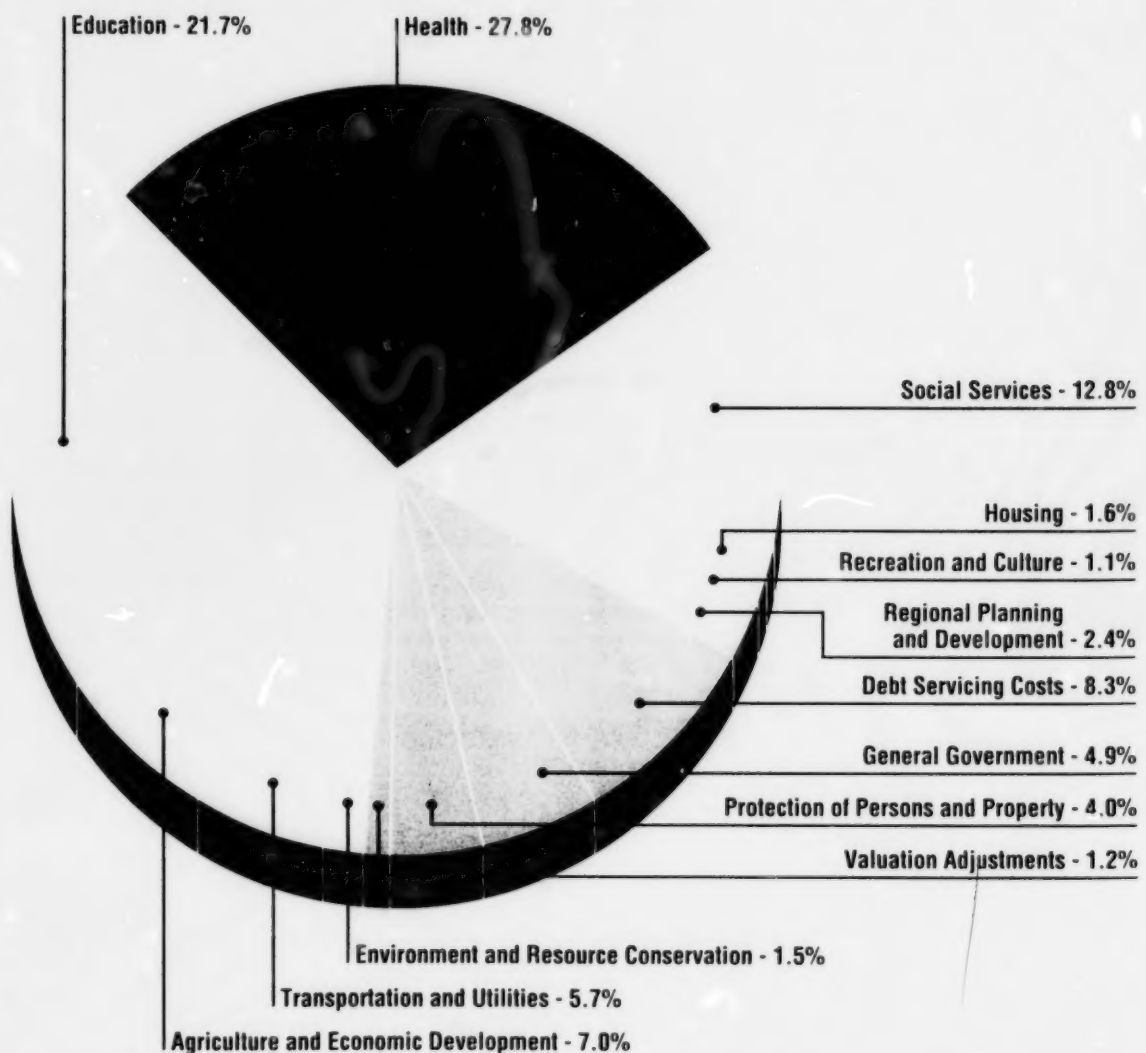
General Revenue Fund
Budgetary Revenue and Expenditure
(thousands of dollars)

Table A1

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Revenue				
General Revenue				
Taxes	5,046,000	4,523,000	4,514,000	3,867,348
Non-Renewable Resource Revenue	3,230,000	2,790,000	2,954,000	2,239,027
Payments from Government of Canada	1,491,000	1,954,000	1,736,000	1,474,709
Transfers from Government Enterprises	440,000	416,000	413,000	397,488
Fees, Permits and Licences	345,000	317,000	317,000	278,502
Other	511,000	566,000	216,000	218,528
	<u>11,063,000</u>	<u>10,566,000</u>	<u>10,150,000</u>	<u>8,475,602</u>
Heritage Fund Investment Income	1,555,000	1,330,000	1,270,000	1,244,438
	<u>12,618,000</u>	<u>11,896,000</u>	<u>11,420,000</u>	<u>9,720,040</u>
Expenditure				
Health	3,493,503	3,290,057	3,181,961	3,022,006
Education	2,724,658	2,654,687	2,645,153	2,551,221
Social Services	1,607,508	1,578,279	1,505,842	1,501,280
Agriculture and Economic Development	883,744	1,156,252	957,564	1,020,120
Transportation and Utilities	718,027	829,158	819,855	821,135
Protection of Persons and Property	504,520	522,659	476,834	568,119
Regional Planning and Development	302,123	320,496	307,507	272,167
Housing	200,730	368,427	266,167	225,693
Environment and Resource Conservation	188,819	179,483	176,968	166,224
Recreation and Culture	139,739	149,584	150,082	153,093
General Government	619,412	619,195	624,285	638,820
Valuation Adjustments	151,721	291,219	122,400	223,071
Debt Servicing Costs	1,050,000	1,128,000	965,000	880,713
General allowance for lapsed appropriations	—	(105,000)	—	—
	<u>12,584,504</u>	<u>12,982,496</u>	<u>12,199,618</u>	<u>12,043,662</u>
Budgetary Surplus (Deficit)	<u>33,496</u>	<u>(1,086,496)</u>	<u>(779,618)</u>	<u>(2,323,622)</u>

**Budgetary Expenditure By Major Function
1991-92 Estimate**

Chart A1



Total Budgetary Expenditure - \$12,585 Million

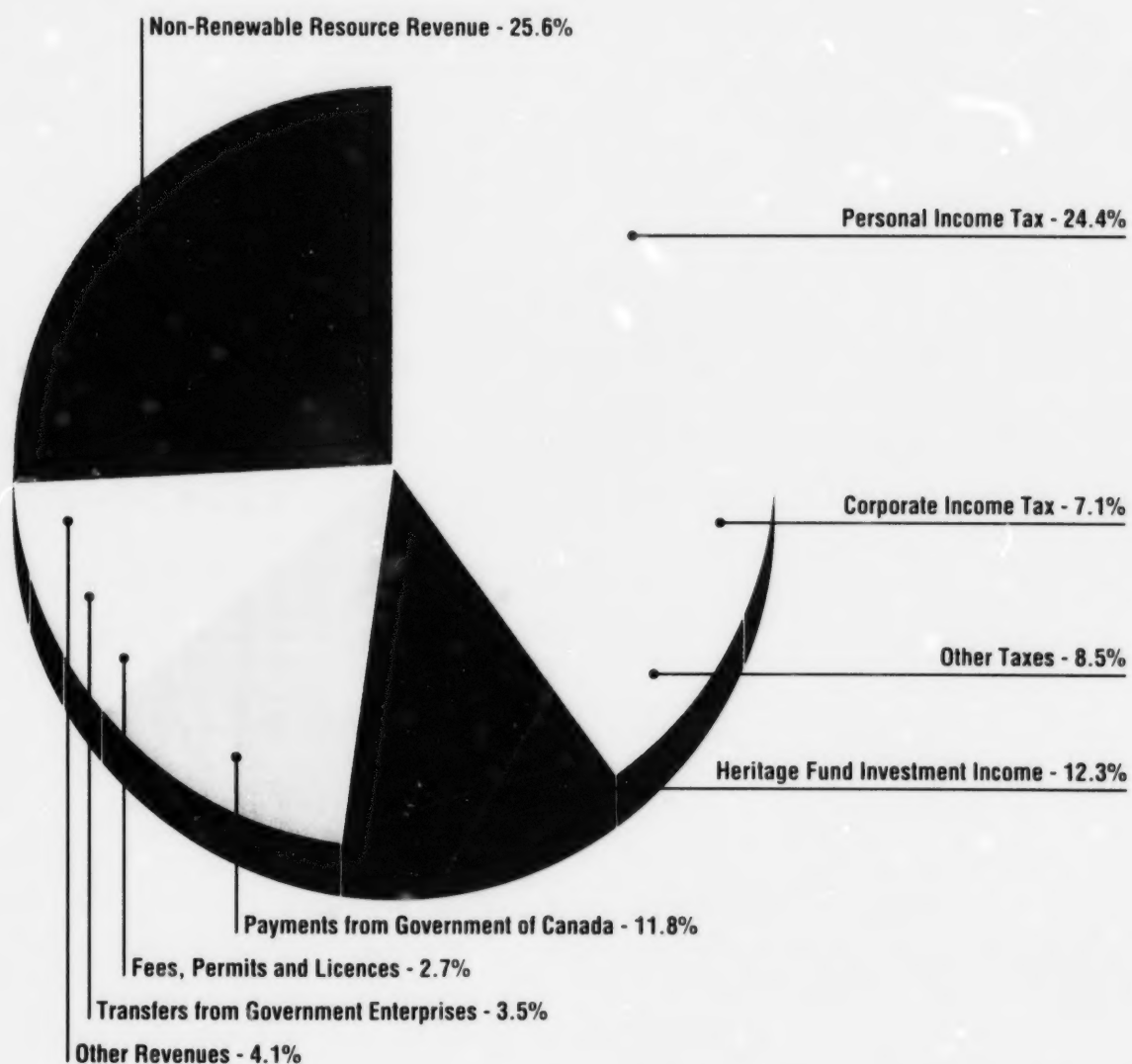
General Revenue Fund
Budgetary Revenue
(thousands of dollars)

Table A2

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Taxes				
Personal income tax	3,078,000	2,796,000	2,670,000	2,535,664
Corporate income tax	900,000	820,000	925,000	648,389
Fuel tax	527,000	410,000	428,000	286,150
Tobacco tax	310,000	269,000	260,000	235,290
Freehold mineral rights tax	81,000	81,000	91,000	68,832
Insurance corporations tax	66,000	63,000	63,000	59,054
Financial institutions capital tax	44,000	47,000	40,000	—
Hotel room tax	28,000	26,000	26,000	24,174
Pari-mutuel tax	12,000	11,000	11,000	9,794
	<u>5,046,000</u>	<u>4,523,000</u>	<u>4,514,000</u>	<u>3,867,347</u>
Non-Renewable Resource Revenue				
Crude oil royalty	1,343,000	1,388,000	1,317,000	1,126,137
Natural gas and by-products royalty	1,309,000	1,102,000	1,256,000	960,586
Synthetic crude oil and bitumen royalty	158,000	44,000	47,000	27,720
Coal royalty	16,000	16,000	15,000	16,511
Bonuses and sales of Crown leases	575,000	425,000	515,000	389,082
Rentals and fees	104,000	96,000	107,000	75,722
Royalty tax credit	(275,000)	(280,000)	(300,000)	(355,414)
Other	—	(1,000)	(3,000)	(1,317)
	<u>3,230,000</u>	<u>2,790,000</u>	<u>2,954,000</u>	<u>2,239,027</u>
Payments from Government of Canada				
Canada assistance plan	565,000	541,000	504,000	513,790
Hospital insurance	422,000	449,000	439,000	445,876
Post-secondary education	235,000	253,000	247,000	251,922
Extended health care	130,000	128,000	127,000	124,229
Stabilization	—	344,000	250,000	—
Other	139,000	239,000	169,000	138,892
	<u>1,491,000</u>	<u>1,954,000</u>	<u>1,736,000</u>	<u>1,474,709</u>
Transfers from Government Enterprises				
Alberta Liquor Control Board	435,000	411,000	405,000	383,000
Other	5,000	5,000	8,000	14,488
	<u>440,000</u>	<u>416,000</u>	<u>413,000</u>	<u>397,488</u>
Fees, Permits and Licences				
Motor vehicle licences	155,000	151,000	155,000	124,158
Land titles	44,000	42,000	45,000	42,033
Other	146,000	124,000	117,000	112,311
	<u>345,000</u>	<u>317,000</u>	<u>317,000</u>	<u>278,502</u>
Other				
Investment income	73,000	410,000	60,000	71,877
Refunds of expenditure	73,000	59,000	70,000	61,787
Transfer from Lottery Fund	225,000	—	—	—
Miscellaneous	140,000	97,000	86,000	84,865
	<u>511,000</u>	<u>566,000</u>	<u>216,000</u>	<u>218,529</u>
Total General Revenue	<u>11,063,000</u>	<u>10,566,000</u>	<u>10,150,000</u>	<u>8,475,602</u>
Heritage Fund Investment Income	<u>1,555,000</u>	<u>1,330,000</u>	<u>1,270,000</u>	<u>1,244,438</u>
Total Budgetary Revenue	<u>12,618,000</u>	<u>11,896,000</u>	<u>11,420,000</u>	<u>9,720,040</u>

**Budgetary Revenue By Major Source
1991-92 Estimate**

Chart A2



Total Budgetary Revenue - \$12,618 Million

General Revenue Fund
Budgetary Expenditure*
(thousands of dollars)

Table A3

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Legislative Assembly	35,891	34,600	34,305	32,922
Government				
Advanced Education	1,051,032	1,024,706	1,024,523	1,001,855
Agriculture	370,727	448,518	334,001	333,520
Attorney General	161,116	155,107	144,829	146,297
Career Development and Employment	110,829	145,860	145,178	143,631
Consumer and Corporate Affairs	20,768	20,038	20,022	19,019
Culture and Multiculturalism	43,580	48,027	48,027	48,794
Revolving fund	7	(15)	1	71
Economic Development and Trade	50,452	69,080	62,691	42,686
Education	1,543,334	1,466,060	1,458,782	1,386,831
Revolving fund	2,463	1,519	128	1,806
Energy	67,185	91,252	91,638	100,827
Environment	137,156	133,385	131,450	123,298
Water resources revolving fund	494	116	115	24
Executive Council	90,182	149,042	116,398	105,583
Family and Social Services	1,472,892	1,443,222	1,364,785	1,370,586
Federal and Intergovernmental Affairs	10,198	11,476	10,150	9,910
Forestry, Lands and Wildlife	175,423	213,842	170,982	188,741
Revolving fund	—	—	—	(233)
Health	3,438,516	3,240,923	3,132,527	2,977,359
Labour	40,871	40,546	40,191	37,355
Personnel Administration Office revolving fund	(12)	—	—	34
Municipal Affairs	593,628	762,003	665,186	627,760
Public Works, Supply and Services	524,160	505,108	525,421	500,068
Revolving fund	12,004	8,805	9,381	16,162
Recreation and Parks	82,870	88,640	89,110	91,775
Revolving fund	8	95	95	(18)
Solicitor General	275,798	265,308	265,418	253,492
Technology, Research and Telecommunications	65,836	75,260	72,264	63,154
Tourism	27,335	39,486	31,809	30,735
Revolving fund	(142)	85	(15)	—
Transportation and Utilities	770,541	890,834	878,991	899,975
Revolving funds	(6,500)	7,185	7,185	8,273
Treasury	115,144	160,829	157,150	308,885
Debt servicing costs	1,050,000	1,128,000	965,000	880,713
Other statutory appropriations	250,718	418,554	201,900	291,772
General allowance for lapsed appropriations	—	(105,000)	—	—
	<u>12,548,613</u>	<u>12,947,896</u>	<u>12,165,313</u>	<u>12,010,740</u>
Total Budgetary Expenditure	<u>12,584,504</u>	<u>12,982,496</u>	<u>12,199,618</u>	<u>12,043,662</u>
Summary				
Voted appropriations	11,275,464	11,418,152	11,015,828	10,845,058
Statutory appropriations	1,309,040	1,564,344	1,183,790	1,198,604
	<u>12,584,504</u>	<u>12,982,496</u>	<u>12,199,618</u>	<u>12,043,662</u>

* Prior years' expenditures are restated where necessary to conform to the current year's presentation.

General Revenue Fund
Operating and Capital Expenditure
(thousands of dollars)

Table A4

	1991-92 Estimate		
	Operating	Capital	Total
Legislative Assembly	35,389	502	35,891
Government			
Advanced Education	1,000,223	50,809	1,051,032
Agriculture	362,085	8,642	370,727
Attorney General	158,987	2,129	161,116
Career Development and Employment	109,744	1,085	110,829
Consumer and Corporate Affairs	20,505	263	20,768
Culture and Multiculturalism	43,123	457	43,580
Revolving fund	7	—	7
Economic Development and Trade	50,097	355	50,452
Education	1,466,181	77,153	1,543,334
Revolving fund	950	1,513	2,463
Energy	62,508	4,677	67,185
Environment	105,469	31,687	137,156
Water resources revolving fund	(606)	1,100	494
Executive Council	89,760	422	90,182
Family and Social Services	1,467,763	5,129	1,472,892
Federal and Intergovernmental Affairs	10,088	110	10,198
Forestry, Lands and Wildlife	172,092	3,331	175,423
Revolving fund	(70)	70	—
Health	3,405,655	32,861	3,438,516
Labour	40,296	575	40,871
Personnel Administration Office revolving fund	(16)	4	(12)
Municipal Affairs	573,670	19,958	593,628
Public Works, Supply and Services	352,084	172,076	524,160
Revolving fund	(21,454)	33,458	12,004
Recreation and Parks	63,803	19,067	82,870
Revolving fund	8	—	8
Solicitor General	273,761	2,037	275,798
Technology, Research and Telecommunications	62,724	3,112	65,836
Tourism	25,129	2,206	27,335
Revolving fund	(142)	—	(142)
Transportation and Utilities	181,625	588,916	770,541
Revolving funds	(16,000)	9,500	(6,500)
Treasury	114,494	650	115,144
Debt servicing costs	1,050,000	—	1,050,000
Other statutory appropriations	255,808	(5,090)	250,718
	<u>11,480,351</u>	<u>1,068,262</u>	<u>12,548,613</u>
Total	<u>11,515,740</u>	<u>1,068,764</u>	<u>12,584,504</u>
Summary			
Voted appropriations	10,247,255	1,028,209	11,275,464
Statutory appropriations	1,268,485	40,555	1,309,040
	<u>11,515,740</u>	<u>1,068,764</u>	<u>12,584,504</u>

General Revenue Fund
Non-Budgetary Transactions
(excluding debt transactions, thousands of dollars)

Table A5

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Receipts				
Repayment of loans and advances				
Government entities	246,450	201,674	113,200	341,008
Other	1,848	2,897	1,897	2,215
Long-term investments	—	—	—	24,068
	<u>248,298</u>	<u>204,571</u>	<u>115,097</u>	<u>367,291</u>
Disbursements				
Loans and advances				
Government entities	310,171	155,574	198,700	461,525
Other	58,750	198,609	33,200	38,157
Long-term investments	2,462	10,792	6,732	16,802
	<u>371,383</u>	<u>364,975</u>	<u>238,632</u>	<u>516,484</u>
Net Non-Budgetary Transactions	<u>123,085</u>	<u>160,404</u>	<u>123,535</u>	<u>149,193</u>

General Revenue Fund and Capital Fund
Net Cash Requirements
(thousands of dollars)

Table A6

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
General Revenue Fund				
Budgetary deficit (surplus)	(33,496)	1,086,496	779,618	2,323,622
Net non-budgetary transactions	123,085	160,404	123,535	149,193
Sinking fund requirements	14,000	18,000	18,000	18,400
Adjustments to cash basis	<u>(411,085)</u>	<u>237,596</u>	<u>(207,153)</u>	<u>(390,375)</u>
	<u>(307,496)</u>	<u>1,502,496</u>	<u>714,000</u>	<u>2,100,840</u>
Capital Fund				
Net capital expenditure	215,668	262,109	265,380	283,223
Adjustments to cash basis	—	—	—	(35,399)
	<u>215,668</u>	<u>262,109</u>	<u>265,380</u>	<u>247,824</u>
Net Cash Requirements	<u>(91,828)</u>	<u>1,764,605</u>	<u>979,380</u>	<u>2,348,664</u>

General Revenue Fund
Revenue from New and Increased Fees and Charges
(dollars)

Table A7

	1991-92 Estimate	1990-91 Estimate
Agriculture		
Livestock brand inspections	3,300,000	1,650,000
Product sales	673,500	398,000
Veterinary laboratory fees	298,250	243,000
Soil testing and land classification	120,000	30,000
Other fees	1,306,400	1,188,150
Consumer and Corporate Affairs		
Filing of annual statements and returns	3,300,000	—
Securities Commission investigation charges	500,000	—
Culture and Multiculturalism		
Museum and heritage site fees ^a	2,217,500	—
Energy		
Land reports and searches	68,350	41,100
Mineral tax certificates	1,500	1,000
Forestry, Lands and Wildlife		
Public lands fees and rentals	14,833,500	13,216,050
Recreational game hunting licences ^b	11,129,000	7,929,000
Alberta Forest Service fees and charges	4,207,850	3,245,450
Labour		
Trades certification and inspection fees	6,999,000	5,105,000
Pension registration fees	700,000	471,000
Recreation and Parks		
Campsite fees	3,940,000	2,494,000
Dinosaur Provincial Park - interpretive bus tour fees	36,000	14,000
Solicitor General		
Vehicle registration service fees ^c	3,175,000	1,850,000
Driving instructor and training school licences	35,000	25,000
Transportation and Utilities		
Transport certificates, permits, and certification and inspection documents	8,626,600	6,223,550
Commercial vehicle inspection program fees	1,474,250	—
Load infractions and other offences	331,900	326,800
Transport publications, maps and guides	113,100	3,200
Transport hearings and consulting advice fees	9,050	1,200
Treasury		
Trust company regulatory fees	258,000	—
Total Revenue	<u>67,653,750</u>	<u>44,455,500</u>
Budgetary Revenue	<u>61,309,250</u>	<u>41,728,500</u>

^a Revenue to be deposited in the Historic Resources regulated fund (legislation pending)

^b Includes \$2,727,000 in 1990-91 and \$4,127,000 in 1991-92 allocated to the Fish and Wildlife Trust Fund

^c Excludes annual vehicle registration fees

General Revenue Fund
Selected Fees and Charges
(dollars)

Table A8

	1991-92 ^a	1990-91
Consumer and Corporate Affairs		
Annual return filing fee		
non-profit organizations	8.00	—
other	20.00	—
Annual statement filing fee	100.00	—
Culture and Multiculturalism		
Museum and historic site admission fees		
Royal Tyrrell Museum and		
Head Smashed-in Buffalo Jump		
adults	5.00	—
children over six years	2.00	—
Provincial Museum, Frank Slide and		
Ukrainian Cultural Heritage Village		
adults	3.00	—
children over six years	1.00	—
Forestry, Lands and Wildlife		
Resident recreational hunting licences ^b		
black bear - spring and fall	12.10	11.00
moose	30.00	15.00
mule deer	30.00	15.00
white-tail deer - general	30.00	15.00
elk	30.00	25.00
sheep and antelope - trophy	45.09	41.00
gamebird	7.71	7.00
Recreation and Parks		
Rustic campsite fee		
general public	5.14	7.00
seniors	3.04	3.50
Standard campsite fee		
general public	10.05	7.00
seniors	8.18	3.50
Serviced campsite fee		
general public	12.15-16.12	9.00-11.00
seniors	10.05-14.02	4.50-5.50
Group camp fee		
improved sites	80.00	35.00
unimproved sites	60.00	35.00
Solicitor General		
International registration plan fee	10.00	—
Vehicle registration transfer, duplicate or modified		
registration, tab replacement, and in-transit permit fees	10.00	6.00
Transportation and Utilities		
Commercial vehicle inspection program		
automotive garage certification fee	100.00	—
mechanic certification fee	50.00	—
unit registration fee	22.00	—
Reinstatement of registration for written-off vehicle	50.00	—
Carrier profiles, permits, certificates and weigh slips fees	15.00	—

^a Federal Goods and Services Tax will be applied on certain fees.^b Non-resident fees, which are substantially higher than resident fees, will also be increased.

General Revenue Fund
Unmatured Debt
(thousands of dollars)

Table A9

Changes in Unmatured Debt

Unmatured debt at March 31, 1990 7,937,663

Add:

Issue of:

Canadian dollar promissory notes (net)

1,183,867

United States dollar fixed-rate notes

925,839

Amortization of discount and other non-cash items

301,436

2,411,142**Deduct:**

Redemption of:

Alberta Treasury bills (net)

60,896

Alberta Capital Bonds

102,724

Canadian dollar debentures

38,000

United States dollar promissory notes (net)

146,272

Sinking fund earnings

17,087

Sinking fund contribution

2,824

367,8032,043,339

Unmatured debt at December 31, 1990 (unaudited)

9,981,002**Composition of Unmatured Debt****Short-term Debt**

Alberta Treasury bills

650,000

Canadian dollar promissory notes

927,000

Held by Heritage Fund

1,744,700

Other

376,421

United States dollar promissory notes

3,698,121**Medium and Long-term Debt**

Canadian dollar debentures (net of sinking funds)

2,723,469

United States dollar floating-rate notes

580,150

United States dollar debentures (net of sinking funds) and fixed-rate notes

2,952,689

6,256,308

Deferred unrealized exchange gains less unamortized discount

26,573

Unmatured debt at December 31, 1990 (unaudited)

9,981,002

General Revenue Fund

Guarantees

(excluding government entities, thousands of dollars)

Table A10

	At December 31	At March 31	
	1990*	1990	1989
Guaranteed Debentures			
AEC Power Ltd.	180,379	186,383	202,353
Vencap Equities Alberta Ltd.	38,856	40,000	40,000
Chembiomed Ltd.	12,500	12,500	12,500
	<u>231,735</u>	<u>238,883</u>	<u>254,853</u>
Guaranteed Loans			
Farm Credit Stability Fund Act	1,438,082	1,074,152	688,273
Weldwood of Canada Ltd.	276,268	237,796	133,440
Small Business Term Assistance Fund Act	243,923	293,329	260,307
Alberta Newsprint Funding Corporation	179,825	125,190	—
354713 Alberta Ltd.	129,809	109,636	98,300
Students Loan Guarantee Act	125,187	126,639	121,345
Magnesium Company of Canada Ltd.	102,750	96,400	22,000
Alberta Family First-Home Program	100,525	50,881	—
Slave Lake Pulp Partnership	96,000	58,000	—
Gainers Properties Inc.	55,938	57,346	58,872
Export program	37,824	31,701	34,307
Feeder associations	29,657	24,402	23,093
Agricultural Societies Act	29,633	31,057	33,478
Lakeside Centennial Corporation	15,000	15,000	15,000
Northern Steel Inc.	14,131	14,527	3,005
Golden Gate Fresh Foods, Inc.	13,924	—	—
Smoky River Coal Ltd.	10,722	542	3,500
397706 Alberta Ltd.	10,400	12,000	—
Ribbon Creek Alpine Village	10,248	10,259	9,750
Gainers Inc.	10,000	7,122	—
Other	81,117	88,816	103,863
	<u>3,010,963</u>	<u>2,464,795</u>	<u>1,608,533</u>
Total Guarantees	<u>3,242,698</u>	<u>2,703,678</u>	<u>1,863,386</u>

* Unaudited

General Revenue Fund
Reported Assets, Liabilities and Net Debt
(thousands of dollars)

Table A11

	At March 31	
	1990	1989
Assets		
Cash and marketable securities	94,690	127,317
Accounts receivable	473,630	565,231
Long-term investments	120,950	153,905
Loans and advances to government entities	401,457	353,923
Other loans and advances	96,620	138,635
	<u>1,187,347</u>	<u>1,339,011</u>
Liabilities and Net Debt		
Liabilities		
Accounts and loans payable	894,893	788,686
Unearned revenue and suspense	27,521	28,341
Unmatured debt	7,937,663	5,871,092
	<u>8,860,077</u>	<u>6,688,119</u>
Net Debt		
Net debt at beginning of year	5,349,108	3,566,557
Budgetary deficit	2,323,622	1,782,551
Net debt at end of year	<u>7,672,730</u>	<u>5,349,108</u>
	<u>1,187,347</u>	<u>1,339,011</u>

Province of Alberta Selected Financial and Economic Statistics

Table A12

Financial Statistics ^a (millions of dollars)	Fiscal Years				
	1990-91	1989-90	1988-89	1987-88	1986-87
General Revenue Fund					
Budgetary revenue	11,896	9,720	9,106	9,466	7,168
Budgetary expenditure	12,982	12,044	10,889	10,399	10,609
Budgetary deficit	1,086	2,324	1,783	933	3,441
Economic Statistics	Calendar Years				
	1990	1989	1988	1987	1986
Gross Domestic Product ^b					
Nominal (millions of dollars)	72,889	66,748	62,544	58,758	56,553
Per cent change	9.2	6.7	6.4	3.9	(11.0)
Real (millions of 1986 dollars)	64,911	63,143	62,350	57,548	56,553
Per cent change	2.8	1.3	8.3	1.8	0.7
Population and Employment					
Population (000's at June 1)	2,472	2,426	2,389	2,378	2,375
Employment (000's)	1,231	1,214	1,187	1,147	1,142
Unemployment rate (per cent)	7.0	7.2	8.0	9.6	9.8
Prices					
Consumer price index (per cent change)	5.8	4.2	2.7	4.0	3.4
Oil price (WTI US\$/bbl)	24.50	19.66	15.98	19.17	15.05
Natural gas price (\$/mcf at wellhead)	1.60	1.57	1.64	1.71	2.19
Exchange rate (US\$/Can\$)	85.7	84.5	81.2	75.4	72.0
Other Indicators					
Retail trade (dollars per capita) ^c	7,976	7,935	..	..	..
Housing starts (number of units)	17,227	14,712	11,360	10,790	8,462

^a Forecast for 1990-91

^b Forecast for 1990

^c Based on new survey started in 1989; comparable data for prior years not available

APPENDIX B

**Alberta Heritage
Savings Trust
Fund**

**BUDGET
1991
ADDRESS**

Tables and Charts

Tables

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B2	Capital Projects Division	50

Charts

B1	Heritage Fund Contribution to Budgetary Revenue	47
B2	Heritage Fund Financial Assets at March 31, 1992	49

The Alberta Heritage Savings Trust Fund's net income, estimated at \$1,555 million in 1991-92, will continue to be transferred to the General Revenue Fund. Including the 1991-92 income, nearly \$13.8 billion will have been transferred to the province's budgetary revenue since September 1982. Prior to that date, all investment earnings of the Heritage Fund were retained and reinvested in the Fund. Since 1987-88, all non-renewable resource revenue has been retained in the General Revenue Fund to help reduce the budgetary deficit.

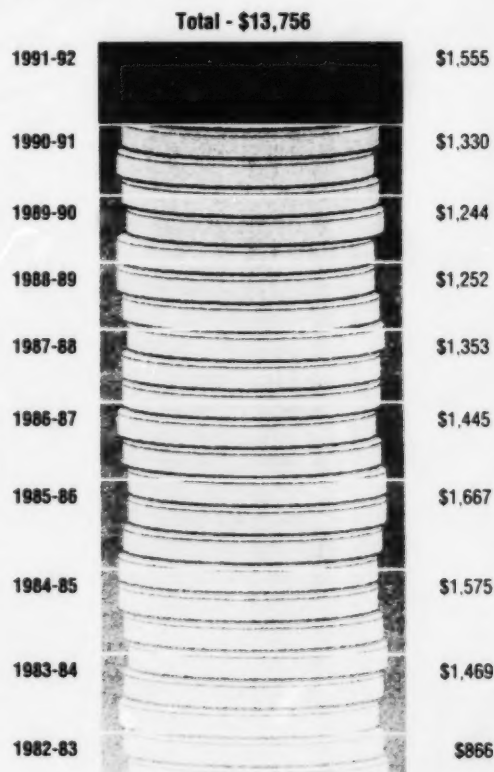
Approval will be sought to allow the Heritage Fund to invest a total of \$305 million in three provincial Crown corporations in 1991-92. A total of \$179 million will be invested in Alberta Agricultural Development Corporation to help foster a profitable agrifood sector in Alberta and to provide disaster assistance loans to farmers. Alberta Mortgage and Housing Corporation will receive an investment of \$87 million from the Heritage Fund in 1991-92. The corporation will provide social housing for senior citizens, low income families and other Albertans in need. In addition, the Heritage Fund will invest \$39 million in Alberta Opportunity Company to provide loans to small Alberta businesses. Repayments and maturities of investments made in provincial Crown corporations in previous years will total \$403 million.

In 1991-92, the Heritage Fund will continue investing in two major resource development projects. An additional \$140 million will be invested in the Lloydminster Bi-provincial Upgrader as part of the province's participating interest, estimated at \$305 million, in the \$1.27 billion project. The Heritage Fund will also invest \$9 million for continued engineering work on the OSLO oil sands project near Fort McMurray as part of the province's equity participation in the project.

Capital Projects Division estimates of \$110 million in 1991-92 will support 14 projects. The Alberta Family Life and Substance Abuse Foundation will be established in 1991-92. Funding of \$6 million will be provided for the first year of the \$200 million commitment to this initiative.

Heritage Fund Contribution to Budgetary Revenue (millions of dollars)

Chart B1



Alberta Heritage Savings Trust Fund
Sources and Applications of Funds
(thousands of dollars)

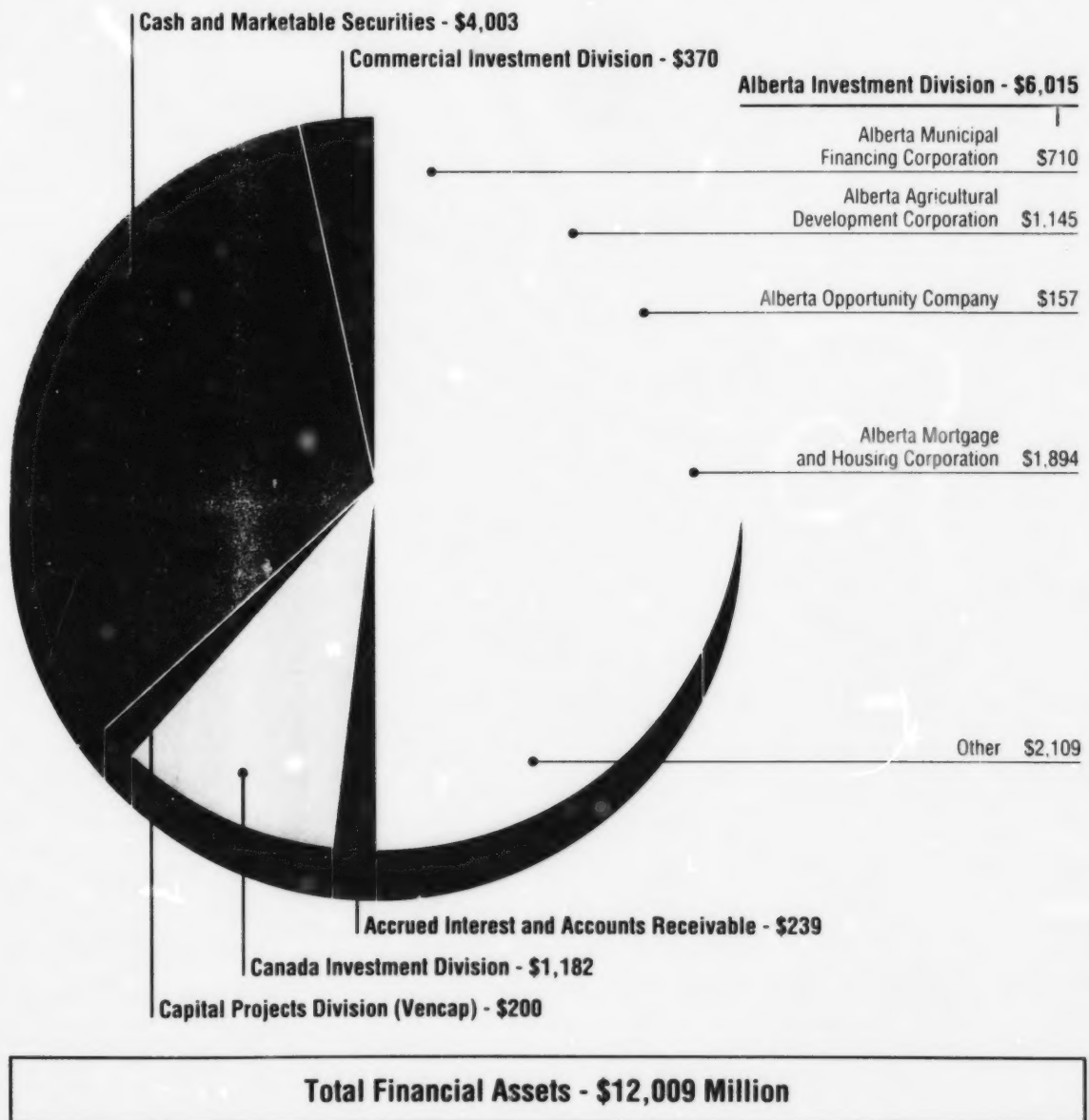
Table B1

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Sources of Funds				
Repayments, Maturities and Disposals ^a				
Alberta Investment Division				
Alberta Agricultural Development Corporation	39,200	35,900	36,100	34,192
Alberta Opportunity Company	31,600	34,600	35,100	38,607
Alberta Municipal Financing Corporation	—	—	—	70,000
Alberta Mortgage and Housing Corporation	332,000	886,200	227,300	286,165
Alberta Government Telephones	—	999,000	—	100,000
Total provincial Crown corporations	402,800	1,955,700	298,500	528,964
Other	3,600	4,300	14,500	150,000
	406,400	1,960,000	313,000	678,964
Canada Investment Division	8,300	118,300	118,300	83,300
Capital Projects Division	1	1	1	1
	414,701	2,078,301	431,301	762,265
Changes in accounts receivable and other	220,700	(107,900)	12,500	(39,496)
Net investment income	1,555,000	1,330,000	1,270,000	1,245,326
Transfer of net income to the General Revenue Fund	(1,555,000)	(1,330,000)	(1,270,000)	(1,244,438)
	635,401	1,970,401	443,801	723,657
Applications of Funds				
Capital Projects Division	109,680	153,724	158,978	133,700
Alberta Investment Division				
Alberta Agricultural Development Corporation	179,000	40,000	40,000	—
Alberta Opportunity Company	39,000	28,000	28,000	31,500
Alberta Mortgage and Housing Corporation	87,000	99,000	103,000	78,000
Total provincial Crown corporations	305,000	167,000	171,000	109,500
TELUS Corporation	—	667,700	—	—
Syncrude	2,600	9,200	(1,600)	6,858
Alberta Energy Company Ltd.	7,800	7,700	7,000	41,917
NOVA Corporation of Alberta Ltd.	—	—	—	24,533
Lloydminster Bi-provincial Upgrader	140,400	127,000	104,000	27,346
OSLO oil sands project	9,100	3,400	5,000	3,990
	464,900	982,000	285,400	214,144
Commercial Investment Division	27,900	26,100	35,000	29,462
Increase (Decrease) in cash and marketable securities at cost	32,921	808,577	(35,577)	346,351
	635,401	1,970,401	443,801	723,657

^a Excludes marketable securities

**Heritage Fund Financial Assets
at March 31, 1992**
(millions of dollars, estimate)

Chart B2



Alberta Heritage Savings Trust Fund
Capital Projects Division
(thousands of dollars)

Table B2

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Advanced Education				
Clinical Research Building	—	—	—	3,532
Agriculture				
Farming for the Future	5,000	5,000	5,000	4,770
Irrigation rehabilitation and expansion	25,000	25,000	25,000	24,896
Private irrigation water supply	3,815	192	3,068	192
Energy				
Alberta Oil Sands Technology and Research Authority	—	—	—	5,151
Renewable energy research	1,000	600	1,000	77
Environment				
Irrigation headworks and main irrigation systems improvement	40,000	40,400	40,400	37,262
Land reclamation	2,500	2,322	2,500	2,408
Executive Council				
Occupational health and safety research and education	1,180	1,218	1,218	1,318
Forestry, Lands and Wildlife				
Grazing reserves enhancement	2,844	1,392	1,392	—
Pine Ridge Reforestation Nursery enhancement	6,500	1,300	3,100	—
Health				
Alberta Family Life and Substance Abuse Foundation	6,000	—	—	—
Applied cancer research	2,800	2,800	2,800	2,690
Public Works, Supply and Services				
Capital City Recreation Park	—	800	800	781
Walter C. Mackenzie Health Sciences Centre	—	—	—	1,600
Recreation and Parks				
Municipal recreation/tourism areas	930	2,825	2,825	3,340
Urban park development	8,815	3,150	3,150	925
Technology, Research and Telecommunications				
Individual line service	3,296	66,725	66,725	45,997
Refunds of previous years' expenditure	—	—	—	(1,239)
Total	109,680	153,724	158,978	133,700

APPENDIX C

**Other Major
Regulated Funds**

**BUDGET
1991
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This appendix provides information on the Alberta Capital Fund and the funds established for the operation of the Alberta Farm Credit Stability Program and the Alberta Small Business Term Assistance Plan.

Alberta Capital Fund

The Alberta Capital Fund was established in 1986 to enable the province to pay the construction costs of major public facilities over their useful lives. The Capital Fund borrows the amount required to finance approved construction projects and receives annual departmental appropriations from the General Revenue Fund to fund the repayment of principal over time. The interest costs of the borrowings are

included in the General Revenue Fund statutory appropriation for debt servicing costs.

Since March 1990, all of the province's borrowings from the Canada Pension Plan Investment Fund have been placed in the Capital Fund. At December 31, 1990, the Capital Fund had issued \$202 million of 20-year debentures to the Canada Pension Plan Investment Fund. The fund also owed \$966 million to the holders of 1988, 1989 and 1990 Alberta Capital Bonds and \$100 million in promissory notes.

In 1991-92, the Capital Fund will spend an estimated \$286 million on hospitals, nursing homes, post-secondary education facilities, water development projects, economic development infrastructure, senior citizens' lodge regeneration, special waste management facilities and museums.

Alberta Capital Fund
Sources and Applications of Funds
(thousands of dollars)

Table C1

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Sources of Funds				
Grants from the General Revenue Fund				
Voted appropriations for principal repayment	69,882	58,080	58,971	46,251
Statutory appropriation for debt servicing costs	149,000	138,000	125,000	101,379
Decrease in financial assets	—	—	—	30,191
Increase in unmatured debt	215,668	262,109	265,380	253,032
	<u>434,550</u>	<u>458,189</u>	<u>449,351</u>	<u>430,853</u>
Applications of Funds				
Capital expenditure				
Hospitals and nursing homes	129,805	135,272	135,272	144,751
Post-secondary education facilities	51,370	60,428	70,215	78,317
Water development projects	50,000	107,294	102,294	97,292
Other projects	54,375	17,195	16,570	9,114
	<u>285,550</u>	<u>320,189</u>	<u>324,351</u>	<u>329,474</u>
Debt servicing costs	149,000	138,000	125,000	101,379
	<u>434,550</u>	<u>458,189</u>	<u>449,351</u>	<u>430,853</u>

Alberta Capital Fund
Unmatured Debt
(thousands of dollars)

Table C2

Changes in Unmatured Debt

Unmatured debt at March 31, 1990 949,854

Add:

Issue of:

Alberta Capital Bonds	727,610
Debentures issued to the Canada Pension Plan Investment Fund	168,395
Promissory notes (net)	63,648
Amortization of discount	4,055
	<u>963,708</u>

Deduct:

Maturities of 1987 Alberta Capital Bonds	398,078
Redemptions of Alberta Capital Bonds	248,060
	<u>646,138</u>

317,570

Unmatured debt at December 31, 1990 (unaudited) 1,267,424

Composition of Unmatured Debt

Alberta Capital Bonds	965,855
Debentures issued to the Canada Pension Plan Investment Fund	201,865
Promissory notes	99,704
	<u>1,267,424</u>

Unmatured debt at December 31, 1990 (unaudited)

Alberta Farm Credit Stability Program

The Alberta Farm Credit Stability Program was established in 1986 to facilitate the provision of long-term financing to Alberta farmers at a fixed 9% annual rate of interest for a maximum term of 20 years. Loans of up to \$250,000 per farm family and up to \$750,000 per farm business were available. In July 1990, the program's funding commitment of \$2,500 million was reached and the lending phase of the program ended.

Cumulative loan advances reached \$2,444 million by December 31, 1990, and most of the remaining authorized loans are forecast to be advanced by March 31, 1991. At December 31, 1990, about \$2,037 million of program loans were outstanding.

The province maintains deposits with participating financial institutions equal to the amount of program loans they have outstanding. At the end of December 1990, 55% of the financing for the program was medium and long-term and the remaining 45% was in the form of short-term promissory notes issued to the Heritage Fund. In February 1991, the province allocated \$250 million from a five-year, \$500 million Eurobond issue to the Farm Credit Stability Fund, thus reducing short-term financing requirements from the Heritage Fund.

The 1991-92 statutory appropriation from the General Revenue Fund to cover the payments made to the lending institutions for their administrative costs, and the difference between the cost of borrowed funds and the interest earned on deposits is estimated at \$63 million.

Farm Credit Stability Fund
Sources and Applications of Funds
(thousands of dollars)

Table C3

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Sources of Funds				
Statutory appropriation from the General Revenue Fund	63,000	85,000	64,000	69,268
Repayments of deposits by financial institutions	120,000	—	—	—
Increase (Decrease) in unmatured debt	(120,000)	180,000	180,000	355,285
	<u>63,000</u>	<u>265,000</u>	<u>244,000</u>	<u>424,553</u>
Applications of Funds				
Operating deficit before statutory appropriation	63,000	85,000	64,000	69,268
Deposits with financial institutions	—	180,000	180,000	346,648
Increase in other financial assets	—	—	—	8,637
	<u>63,000</u>	<u>265,000</u>	<u>244,000</u>	<u>424,553</u>

Farm Credit Stability Fund
Unmatured Debt
(thousands of dollars)

Table C4

Changes in Unmatured Debt	
Unmatured debt at March 31, 1990	1,852,075
Add:	
Issue of short-term promissory notes (net) to the Heritage Fund	181,971
Amortization of discount and other non-cash items	<u>79,845</u>
	261,816
Unmatured debt at December 31, 1990 (unaudited)	<u>2,113,891</u>
Composition of Unmatured Debt	
Promissory notes issued to the Heritage Fund	947,203
U.S. dollar fixed-rate notes	784,899
Swiss franc bonds	381,789
Unmatured debt at December 31, 1990 (unaudited)	<u>2,113,891</u>

Alberta Small Business Term Assistance Plan

The Alberta Small Business Term Assistance Plan was established in 1986 to make long-term fixed interest rate financing available to Alberta small businesses. Loans totalling about \$640 million were made under the program at a fixed 9% annual rate of interest for a maximum term of 10 years. Loans of up to \$150,000 per small business were available. The average loan was about \$80,000, with 36% of the loans taken for 3 to 6 years and 58% for 10 years. 72% of the loans were used for refinancing existing debt and the remainder for new purchases

and extending lines of credit. At December 31, 1990, about \$250 million, or 39%, of the original program loans were outstanding.

The province maintains deposits with participating financial institutions equal to the amount of program loans they have outstanding. These deposits have been financed with medium-term borrowing.

The 1991-92 statutory appropriation from the General Revenue Fund to cover the payments made to the lending institutions for their administrative costs, and the difference between the cost of borrowed funds and the interest earned on deposits is estimated at \$4.5 million.

Small Business Term Assistance Fund
Sources and Applications of Funds
 (thousands of dollars)

Table C5

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Sources of Funds				
Statutory appropriation from the General Revenue Fund	4,500	5,100	7,500	6,709
Repayments of deposits by financial institutions	70,000	70,000	84,000	88,894
Decrease (Increase) in other financial assets	53,800	(53,800)	(74,000)	43,558
	<u>128,300</u>	<u>21,300</u>	<u>17,500</u>	<u>139,161</u>
Applications of Funds				
Operating deficit before statutory appropriation	4,500	5,100	7,500	6,709
Decrease in unmatured debt	123,800	16,200	10,000	132,452
	<u>128,300</u>	<u>21,300</u>	<u>17,500</u>	<u>139,161</u>

Small Business Term Assistance Fund
Unmatured Debt
(thousands of dollars)

Table C6

Changes in Unmatured Debt	
Unmatured debt at March 31, 1990	290,825
Add:	
Amortization of discount	658
Deduct:	
Redemption of promissory notes held by the Heritage Fund	17,000
	(16,342)
Unmatured debt at December 31, 1990 (unaudited)	<u>274,483</u>
Composition of Unmatured Debt	
U.S. dollar fixed-rate notes	274,483
Unmatured debt at December 31, 1990 (unaudited)	<u>274,483</u>

APPENDIX D

Provincial Crown
Corporations

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This appendix provides details of the 1991-92 capital budgets and financing requirements of four major provincial Crown corporations: Alberta Agricultural Development Corporation, Alberta Opportunity Company, Alberta Municipal Financing Corporation and Alberta Mortgage and Housing Corporation.

Approval of the Legislative Assembly will be sought to allow the Alberta Heritage Savings Trust Fund to invest in debt securities to be issued by Alberta Agricultural Development Corporation, Alberta Opportunity Company and Alberta Mortgage and Housing Corporation. As in previous years, these corporations will borrow from the Heritage Fund at prevailing market rates of interest.

These corporations provide loans and other programs to their clients. The clients are responsible for payment of interest and principal on these loans. Certain loans are made at rates which are below the corporations' cost of funds in order to meet government objectives.

The General Revenue Fund pays for the costs associated with the programs offered by the provincial Crown corporations. These costs include administrative costs, interest rate subsidies and incentives, other program subsidies, and the cost of losses on loans and other investments.

Alberta Municipal Financing Corporation is expected to meet its capital financing requirements from internal sources.

Heritage Fund Investment in Provincial Crown Corporations (Alberta Investment Division)

(thousands of dollars)

Table D1

	Balance at March 31, 1992 Estimate	1991-92 Investments Estimate	1991-92 Repayments Estimate	Balance at March 31, 1991 Forecast
Alberta Agricultural Development Corporation	1,145,000	179,000	39,200	1,005,200
Alberta Opportunity Company	157,300	39,000	31,600	149,900
Alberta Municipal Financing Corporation	710,000	—	—	710,000
Alberta Mortgage and Housing Corporation	1,894,000	87,000	332,000	2,139,000
Total	3,906,300	305,000	402,800	4,004,100

Alberta Agricultural Development Corporation

Alberta Agricultural Development Corporation provides loans, loan guarantees and financial counselling to farmers and agribusinesses in order to foster a sustainable, profitable agrifood sector in Alberta. Programs and services are designed to assist family-owned farm businesses to develop as profitable, self-supporting enterprises; and to promote value-added processing, the agricultural service sector and other diversification opportunities.

During 1991-92, the corporation estimates it will extend \$165 million in direct loans to agricultural producers and agribusinesses.

Under the Beginning Farmer program the corporation provides loans and interest assistance to individuals whose farms are in an early phase of development. Loans under this program are expected to total \$70 million in 1991-92. Agribusiness loans are estimated to amount to \$15 million.

Starting in 1990-91, the corporation, together with Alberta Agriculture and Alberta Hail and Crop Insurance Corporation, has been administering the Northwestern Alberta Disaster program, the Western Alberta Disaster program and the Southeastern Alberta Disaster program. The corporation estimates that it will make loan commitments of \$80 million in 1991-92 under the programs. By the end of the year, it is expected that the corporation will have approved approximately 1,600 loans totalling \$129 million

under the three programs. The Northwestern and Western programs assist farmers to recover from losses due to the extremely heavy rains in the fall of 1989 and the spring of 1990. The Southeastern program assists a number of farmers who suffered drought-related losses. Alberta Public Safety Services reimburses the corporation for the interest foregone on the loans, the cost of administering the loans and any write-offs the corporation incurs from making the loans.

In addition to its direct loans, the corporation estimates that it will provide \$118 million in loan guarantees to farmers and agribusinesses, including \$8 million in vendor mortgage guarantees. The Vendor Mortgage plan, introduced in 1990, encourages farmers who are selling their land to continue their involvement with agriculture by providing some of the financing for the purchaser. It also provides another financing mechanism to facilitate the intergenerational transfer of land and help keep the family on the farm.

To finance the corporation's activities, the Legislative Assembly will be requested to approve a further investment by the Alberta Heritage Savings Trust Fund of up to \$179 million in debentures of the corporation in 1991-92.

In order to provide incentive rebates and interest shielding to the corporation's borrowers, and to cover operating expenses and loan losses in 1991-92, approval will also be sought for budgetary appropriations of \$70 million through the Department of Agriculture and \$3 million through Alberta Public Safety Services.

Alberta Agricultural Development Corporation (thousands of dollars)

Table D2

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Programs				
Direct Lending				
Beginning Farmer loans	70,000	77,000	76,000	83,513
Developing Farmer loans	—	—	1,000	1,546
Agribusiness loans and investments	15,000	17,000	8,000	6,239
Disaster assistance loan programs				
Southeastern	76,000	38,000	—	—
Western	3,715	6,000	—	—
Northwestern	—	4,600	—	544
	<u>164,715</u>	<u>142,600</u>	<u>85,000</u>	<u>91,842</u>
Loan Guarantees				
General guarantee agreements				
Alberta Farm Development loans	95,000	75,000	90,000	75,136
Modified Farm Development loans	—	—	—	1,067
Specific guarantee agreements				
Farm loans	4,200	1,000	3,850	410
Agribusiness loans	11,000	4,500	9,000	1,275
Vendor Mortgage plan	7,500	2,500	10,000	—
	<u>117,700</u>	<u>83,000</u>	<u>112,850</u>	<u>77,888</u>
Total Programs	<u>282,415</u>	<u>225,600</u>	<u>197,850</u>	<u>169,730</u>
Financing				
Sources of Funds				
Grants from the General Revenue Fund	73,000	79,654	77,682	94,315
Debenture borrowing from the Heritage Fund	179,000	40,000	40,000	—
Promissory notes	—	25,000	—	—
Principal repayments on loans	29,800	31,300	32,400	25,606
Interest payments on loans	82,800	83,500	83,300	83,889
Property sales	13,300	34,300	17,700	28,597
Decrease in cash balances	3,100	4,846	2,818	16,891
	<u>381,000</u>	<u>298,600</u>	<u>253,900</u>	<u>249,298</u>
Applications of Funds				
Lending programs	181,000	133,300	88,700	86,398
Debenture repayments	39,200	35,900	36,100	34,192
Promissory note repayments	10,000	—	—	—
Interest expense	124,600	106,500	106,500	108,121
Farm loan incentives	10,600	11,200	11,800	10,222
Administrative costs	15,600	11,700	10,800	10,365
	<u>381,000</u>	<u>298,600</u>	<u>253,900</u>	<u>249,298</u>

Alberta Opportunity Company

Alberta Opportunity Company provides loans, loan guarantees, venture and seed capital and financial guidance to small businesses in order to promote the growth and diversification of the Alberta economy. Under its direct lending program, the company provides alternative financing to Alberta businesses which are unable to obtain funding on reasonable terms and conditions elsewhere, with priority given to businesses located outside the major centres.

In 1991-92, the company expects to make \$37 million in direct loans and loan guarantees to Alberta small businesses and to provide \$15 million in venture capital financing primarily to high technology enterprises. The company will also provide

\$3 million of seed capital for activities such as market research, business planning and prototype development.

To finance the company's direct lending activity, the Legislative Assembly will be requested to approve a further investment by the Alberta Heritage Savings Trust Fund of up to \$39 million in debentures of the company. As well, the Legislative Assembly will be asked to approve an \$18 million loan from the General Revenue Fund through the Department of Economic Development and Trade to the company to finance the seed and venture financing programs.

Approval will be sought for a budgetary appropriation of \$16.3 million through the Department of Economic Development and Trade in 1991-92. These funds will enable the company to deliver its lending programs to its clients at less than full cost.

Alberta Opportunity Company
(thousands of dollars)

Table D3

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Programs				
Direct lending	35,000	30,400	38,000	33,950
Venture capital financing	15,000	5,000	15,000	10,475
Seed capital financing	3,000	2,300	3,000	1,262
Loan guarantees	2,000	600	2,000	500
Total Programs	55,000	38,300	58,000	46,187
Financing				
Sources of Funds				
Grant from the General Revenue Fund	16,300	26,450	26,450	11,000
Loan from the General Revenue Fund	18,000	18,000	18,000	24,105
Debenture borrowing from the Heritage Fund	39,000	28,000	28,000	31,500
Principal repayments on loans	24,600	24,600	25,800	30,168
Interest payments on loans	17,700	16,000	16,000	14,657
Decrease (Increase) in cash balances	350	2,950	2,900	(978)
	115,950	116,000	117,150	110,452
Applications of Funds				
Capital programs	54,300	42,600	56,400	42,591
Loan repayments to the General Revenue Fund	5,250	13,000	—	3,374
Debenture repayments	31,600	34,600	35,100	38,607
Interest expense	16,200	16,200	17,200	17,180
Administrative costs	8,600	9,600	8,450	8,700
	115,950	116,000	117,150	110,452

Alberta Municipal Financing Corporation

Alberta Municipal Financing Corporation makes loans to municipalities, school districts and hospital boards at lower interest rates than would be available

to them on an independent basis in the capital market.

In 1991, the corporation expects to lend \$565 million to Alberta municipalities, school districts and hospital boards, compared to \$197 million in 1990. The 1991 lending activity will be financed from internal sources.

Alberta Municipal Financing Corporation
(thousands of dollars)

Table D4

	1991 Estimate	1990 Actual	1990 Estimate	1989 Actual
Programs				
Direct Lending				
Municipal loans	399,000	63,657	271,000	291,837
School loans	160,000	128,898	125,000	129,248
Hospital loans	6,000	4,942	4,000	3,900
Total Programs	<u>565,000</u>	<u>197,497</u>	<u>400,000</u>	<u>424,985</u>
 Financing				
Sources of Funds				
Sinking fund	350,000	150,000	250,000	230,000
Canada Pension Plan Investment Fund	—	—	—	278,470
Interest payments on loans	591,000	606,193	603,000	590,021
Principal repayments on loans	284,000	267,685	274,000	256,728
Decrease (Increase) in cash balances	88,000	(104,727)	(6,000)	55,020
	<u>1,313,000</u>	<u>919,151</u>	<u>1,121,000</u>	<u>1,410,239</u>
Applications of Funds				
Direct lending	565,000	197,497	400,000	424,985
Debt repayment including sinking fund contributions	122,000	88,281	88,000	334,492
Interest expense on debentures	626,000	633,373	633,000	650,762
	<u>1,313,000</u>	<u>919,151</u>	<u>1,121,000</u>	<u>1,410,239</u>

Alberta Mortgage and Housing Corporation

As a result of a review of the mandate and programs of the Alberta Mortgage and Housing Corporation, the corporation was restructured on January 1, 1991.

Mortgage Properties Inc., as an agent of the corporation, is disposing of real estate assets and mortgages of the corporation at a minimum cost to the province. Mortgage Properties Inc. will not initiate any new capital projects.

The Department of Municipal Affairs now administers the corporation's social housing programs. Over 40,000 housing units are currently available to low-income seniors and families, disabled persons and people with special needs. Additional social housing will be provided in 1991-92 with financial assistance through the corporation.

The corporation will provide \$5 million to construct 59 rental units for low-income families. An additional 20 units currently owned by the corporation will be allocated to the Community Housing program. Under the Rent Supplement program, 300 units available in federally funded housing co-operatives and privately owned rental projects will be directed to low-income families.

Through its senior citizens' housing programs, the corporation is expected to make commitments of \$23.6 million. The corporation will commit \$15.3 million to regenerate older senior citizens'

lodges, \$1.2 million to construct 15 lodge units and \$7.1 million to construct 89 senior citizens' self-contained units. The corporation also plans to transfer 42 corporation-owned units to the Senior Citizens' Self-Contained program.

The Special Purpose Housing program will support an additional 199 units to assist Albertans with disabilities to integrate within the community, victims of family violence, the disadvantaged in the inner cities and others with special housing needs. The corporation will provide capital funding of \$5.1 million for 74 of the units, with the remainder financed by the private sector.

The corporation will commit 11 units under the Rural and Native Housing program. The corporation also expects to insure loans made by private lenders on 1,000 mobile homes.

To finance the corporation's 1991-92 capital requirements, the Legislative Assembly will be requested to approve a further investment by the Alberta Heritage Savings Trust Fund of up to \$87 million in debentures of the corporation. The capital cost of senior citizens' lodge regeneration will be funded from the Capital Fund.

Approval will be sought for a budgetary appropriation through the Department of Municipal Affairs of \$108.8 million consisting of \$103.6 million to meet subsidy and operating costs of social housing and \$5.2 million to meet the operating requirements of Mortgage Properties Inc. for mortgage and property disposals.

Alberta Mortgage and Housing Corporation Program Commitments*

Table D5

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Programs (number of units)				
Continuing				
Community Housing	79	78	45	143
Rent Supplement	300	491	275	631
Senior Citizens' Lodge	15	119	120	200
Senior Citizens' Self-Contained	131	110	100	190
Special Purpose Housing	199	31	50	12
Rural and Native Housing	11	190	190	192
Staff Housing	—	—	—	5
Mortgage Insurance for mobile homes	1,000	2,100	1,930	1,727
	<u>1,735</u>	<u>3,119</u>	<u>2,710</u>	<u>3,100</u>
Discontinued				
Alberta Family Home Purchase	—	295	300	414
Modest Apartment	—	186	400	48
Mobile home park (stalls)	—	—	—	52
	<u>—</u>	<u>481</u>	<u>700</u>	<u>514</u>
Total Programs	<u>1,735</u>	<u>3,600</u>	<u>3,410</u>	<u>3,614</u>
 Programs (thousands of dollars)				
Continuing				
Community Housing	5,000	2,900	3,400	4,800
Senior Citizens' Lodge regeneration	15,300	5,000	5,000	5,000
Senior Citizens' Lodge	1,200	7,400	8,400	12,000
Senior Citizens' Self-Contained	7,100	7,600	6,900	13,100
Special Purpose Housing	5,100	2,400	3,800	313
Rural and Native Housing	1,000	15,600	14,100	13,828
Staff Housing	—	—	—	400
Land	1,200	6,200	3,300	2,991
	<u>35,900</u>	<u>47,100</u>	<u>44,900</u>	<u>52,432</u>
Discontinued				
Alberta Family Home Purchase	—	15,800	15,600	19,233
Modest Apartment	—	5,900	11,100	904
Mobile home park (stalls)	—	—	—	254
	<u>—</u>	<u>21,700</u>	<u>26,700</u>	<u>20,391</u>
Total Programs	<u>35,900</u>	<u>68,800</u>	<u>71,600</u>	<u>72,823</u>

* Not all units require capital financing from the corporation because either the corporation makes use of existing units owned by the corporation or a project's sponsor obtains capital financing from private lenders.

Alberta Mortgage and Housing Corporation **Sources and Applications of Funds** (thousands of dollars)

Table D6

	1991-92 Estimate	1990-91 Forecast	1990-91 Estimate	1989-90 Actual
Sources of Funds				
Grant from the General Revenue Fund	108,801	209,000	150,700	151,300
Grant from the Capital Fund	14,100	—	—	—
Debenture borrowing from the Heritage Fund	87,000	99,000	103,000	78,000
Promissory notes	12,100	5,600	14,700	1,920
Mortgage Insurance Fund	4,999	—	—	7,000
Mortgage discharges and repayments	194,800	752,300	106,500	161,630
Property sales	76,700	83,800	56,000	63,898
	<u>498,500</u>	<u>1,149,700</u>	<u>430,900</u>	<u>463,748</u>
Applications of Funds				
Capital programs	58,400	41,700	68,900	41,060
Repayments of advances from the General Revenue Fund	10,300	65,000	12,200	19,600
Debenture repayments	332,000	886,200	228,200	287,376
Program operating costs	97,800	127,600	121,600	115,712
Refund of excess General Revenue Fund grant in prior year	—	29,200	—	—
	<u>498,500</u>	<u>1,149,700</u>	<u>430,900</u>	<u>463,748</u>

Alberta Mortgage and Housing Corporation **Details of 1991-92 Sources and Applications of Funds** (thousands of dollars)

Table D7

	Mortgage and Property Disposal	Social Housing	TOTAL
Sources of Funds			
Grant from the General Revenue Fund	5,216	103,585	108,801
Grant from the Capital Fund	—	14,100	14,100
Debenture borrowing from the Heritage Fund	58,000	29,000	87,000
Promissory notes	—	12,100	12,100
Mortgage Insurance Fund	4,999	—	4,999
Mortgage discharges and repayments	194,000	800	194,800
Property sales	76,700	—	76,700
	<u>338,915</u>	<u>159,585</u>	<u>498,500</u>
Applications of Funds			
Capital programs	1,200	57,200	58,400
Repayments of advances from the General Revenue Fund	9,300	1,000	10,300
Debenture repayments	318,200	13,800	332,000
Program operating costs	10,215	87,585	97,800
	<u>338,915</u>	<u>159,585</u>	<u>498,500</u>